

AMENDED IN ASSEMBLY MAY 6, 2013

AMENDED IN ASSEMBLY APRIL 3, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 88

Introduced by Assembly Member Buchanan

January 10, 2013

An act to amend Sections 1240, 1622, 1630, 2573, 8092, 10554, 14002, 14002.1, 14003, 14022.3, 14041, 14041.6, 14501, 17005.3, 17008.3, 17193.5, 17199.4, 17582, 17592.74, 32282, 33127, 35186, 35292.5, 35735, 35735.1, 35736, 37700, 37710.3, 37710.5, 38101, 41003.3, 41012, 41020, 41202, 41303, 41320.1, 41329.55, 41332, 41334, 41335, 41341, 41344, 41601, 41601.5, 41601.7, 41800, 41972, 41975, 42127, 42127.8, 42238.15, 42238.20, 42280, 42281, 42282, 42283, 42284, 42285, 42285.5, 42286, 42287, 42401, 42800, 44279.2, 44279.25, 44279.7, 44320, 44328, 44944, 44955.5, 46140, 46141, 46145, 46200, 46201, 46201.2, 46202, 46300, 46300.1, 46300.7, 46392, 46602, 46603, 46607, 46610, 47604.33, 47610, 47613, 47613.1, 47630, 47631, 47632, 47634.3, 47634.4, 47635, 47636, 47650, 47651, 47660, 47662, 47663, 48206.3, 48208, 48310, 48359.5, 48660, 48667, 49430.5, 49536, 52052.5, 52055.750, 52301, 52302, 52302.2, 52302.8, 52302.9, 52306, 52309, 52314, 52315, 52319, 52321, 52324, 52327, 52327.5, 52328, 52329, 52334, 52335, 52335.12, 54690, 54691, 54692, 54695, 54699, 54750, 56365, 56366.1, 56836.21, 56836.24, 60119, 60851, 63000, 63001, and 64000, of, to amend the heading of Article 4 (commencing with Section 2570) of Chapter 12 of Part 2 of Division 1 of Title 1, and Article 7 (commencing with Section 60117) of Chapter 1 of Part 33 of Division 4 of Title 2 of, to amend and repeal Section 14022.5 of, to add Sections 35736.5, 42238.02, 42238.03, 42238.04, 42238.05, 42238.051, 42238.052, 42238.053, 46207, and 46208, to, to

add Article 2 (commencing with Section 2574) to Chapter 12 of Part 2 of Division 1 of Title 1 and Article 3.8 (commencing with Section 52060) to Chapter 6.1 of Part 28 of Division 4 of Title 2 of, to repeal Sections 315.5, 316.5, 317, 1242, 1242.5, 1982, 1982.3, 1982.5, 1983.5, 14002.3, 14002.5, 14004, 14035, 14041.1, 14041.65, 14401.1, 17583, 17584, 17584.1, 17584.2, 17584.3, 17585, 17586, 17587, 17588, 17592, 32285, 35735.2, 35735.3, 35735.4, 39809.5, 41300, 41301, 41376, 41378, 41400, 41401, 41402, 41403, 41404, 41406, 41407, 41976, 41976.1, 41976.2, 41976.5, 42238, 42238.1, 42238.2, 42238.3, 42238.4, 42238.41, 42238.42, 42238.43, 42238.44, 42238.445, 42238.45, 42238.46, 42238.48, 42238.485, 42238.49, 42238.5, 42238.51, 42238.52, 42238.53, 42238.6, 42238.7, 42238.75, 42238.8, 42238.9, 42238.95, 42238.11, 42238.12, 42238.13, 42238.14, 42238.145, 42238.146, 42238.17, 42238.18, 42238.23, 42238.24, 42239, 42240, 42240.1, 42241.3, 42241.7, 42242, 42245, 42243.7, 42244, 42245, 42251, 42282.1, 42283.1, 42283.2, 42285.1, 42285.4, 42289, 42289.1, 42289.2, 42289.3, 42289.4, 42289.5, 42289.6, 42604, 42605, 42606, 45037, 46010.2, 46013, 46013.7, 46140.5, 46144, 46201.1, 46201.3, 46201.6, 46203, 46204, 46306, 46606, 47612.7, 47613.2, 47630.5, 47632.5, 47633, 47634.1, 47664, 48200.7, 48660.2, 48663, 48664, 49452.8, 51056, 52051, 52052.2, 52301.3, 52324.5, 52335.1, 52335.2, 52335.3, 52335.4, 52335.5, 52335.6, 54693, 60117, 60118, 62002, 62002.5, 62003, 62004, 62005, and 62005.5, of, to repeal Article 9 (commencing with Section 1780), Article 10 (commencing with Section 1790), Article 11 (commencing with Section 1830), Article 14.5 (commencing with Section 1900), Article 14.7 (commencing with Section 1915), and Article 17 (commencing with Section 1940) of Chapter 6 of Part 2 of Division 1 of Title 1, Article 1 (commencing with Section 2509), Article 3 (commencing with Section 2550), and Article 3.5 (commencing with Section 2560) of Chapter 12 of Part 2 of Division 1 of Title 1, Article 3 (commencing with Section 8070), Article 4 (commencing with Section 8080), and Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1, Article 3.6 (commencing with Section 32228) of Chapter 2 of Part 19 of Division 1 of Title 1, Article 10.4 (commencing with Section 35294.10) of Chapter 2 of Part 21 of Division 3 of Title 2, Article 4 (commencing with Section 37252) of Chapter 2 of Part 22 of Division 3 of Title 2, Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, Article 9 (commencing with Section 41840), Article 10 (commencing with Section 41850), Article 10.5 (commencing

with Section 41860), Article 11 (commencing with Section 41880), and Article 13 (commencing with Section 41920) of Chapter 5 of Part 24 of Division 3 of Title 2, Article 3 (commencing with Section 42260) of Chapter 7 of Part 24 of Division 3 of Title 2, Article 4.5 (commencing with Section 42290) and Article 4.7 (commencing with Section 42300) of Chapter 7 of Part 24 of Division 3 of Title 2, Article 11 (commencing with Section 44380), Article 12 (commencing with Section 44390), and Article 13 (commencing with Section 44395) of Chapter 2 of Part 25 of Division 3 of Title 2, Article 4.5 (commencing with Section 44500), Article 5 (commencing with Section 44520), Article 6 (commencing with Section 44560), Article 7 (commencing with Section 44570), Article 8 (commencing with Section 44580), Article 10 (commencing with Section 44630), Article 10.5 (commencing with Section 44645), and Article 10.6 (commencing with Section 44650) of Chapter 3 of Part 25 of Division 3 of Title 2, Article 3 (commencing with Section 44681) of Chapter 3.1 of Part 25 of Division 3 of Title 2, Article 8.5 (commencing with Section 45370) of Chapter 5 of Part 25 of Division 3 of Title 2, Article 7 (commencing with Section 46190) of Chapter 2 of Part 26 of Division 4 of Title 2, Article 5 (commencing with Section 46351) of Chapter 3 of Part 26 of Division 4 of Title 2, Article 2 (commencing with Section 48640) of Chapter 4 of Part 27 of Division 4 of Title 2, Article 15 (commencing with Section 51870) of Chapter 5 of Part 28 of Division 4 of Title 2, Article 3 (commencing with Section 52053), Article 3.5 (commencing with Section 52055.600), and Article 4 (commencing with Section 52056) of Chapter 6.1 of Part 28 of Division 4 of Title 2, Article 1.7 (commencing with Section 52336), Article 2 (commencing with Section 52340), Article 3 (commencing with Section 52350), Article 4 (commencing with Section 52370), Article 4.5 (commencing with Section 52378), Article 5 (commencing with Section 52381), Article 7 (commencing with Section 52450), Article 7.5 (commencing with Section 52460), Article 8 (commencing with Section 52480), and Article 9 (commencing with Section 52485) of Chapter 9 of Part 28 of Division 4 of Title 2, Article 1 (commencing with Section 52500), Article 3 (commencing with Section 52540), Article 4 (commencing with Section 52550), Article 5 (commencing with Section 52570), and Article 6 (commencing with Section 52610) of Chapter 10 of Part 28 of Division 4 of Title 2, Article 4 (commencing with Section 52750) of Chapter 11 of Part 28 of Division 4 of Title 2, Article 1 (commencing with Section 52800) of Chapter 12 of Part 28 of Division 4 of Title 2, Article 7.1 (commencing with Section 54740)

and Article 7.7 (commencing with Section 54760) of Chapter 9 of Part 29 of Division 4 of Title 2, and Article 3 (commencing with Section 60240) and Article 7 (commencing with Section 60350) of Chapter 2 of Part 33 of Division 4 of Title 2, of, to repeal Chapter 3 (commencing with Section 8500), Chapter 5.1 (commencing with Section 8820), and Chapter 9 (commencing with Section 8980) of Part 6 of Division 1 of Title 1 of, Chapter 13 (commencing with Section 11200) and Chapter 17 (commencing with Section 11600) of Part 7 of Division 1 of Title 1, Chapter 2.5 (commencing with Section 37300) of Part 22 of Division 3 of Title 2, Chapter 3.2 (commencing with Section 41500) of Part 24 of Division 3 of Title 2, Chapter 11.3 (commencing with Section 42920), Chapter 11.5 (commencing with Section 42950), and Chapter 12 (commencing with Section 43001.5) of Part 24 of Division 3 of Title 2, Chapter 3.3 (commencing with Section 44700), Chapter 3.33 (commencing with Section 44720), Chapter 3.34 (commencing with Section 44730), Chapter 3.36 (commencing with Section 44735), Chapter 3.45 (commencing with Section 44755), and Chapter 3.5 (commencing with Section 44760) of Part 25 of Division 3 of Title 2, Chapter 6.8 (commencing with Section 52080), Chapter 6.9 (commencing with Section 52100), Chapter 6.10 (commencing with Section 52120), Chapter 7 (commencing with Section 52130), Chapter 8 (commencing with Section 52200), Chapter 8.3 (commencing with Section 52240), Chapter 8.5 (commencing with Section 52250), and Chapter 8.6 (commencing with Section 52270) of Part 28 of Division 4 of Title 2, Chapter 10.5 (commencing with Section 52651), Chapter 12.5 (commencing with Section 52920), Chapter 13 (commencing with Section 52910), and Chapter 17 (commencing with Section 53080) of Part 28 of Division 4 of Title 2, Chapter 1 (commencing with Section 54000) and Chapter 2 (commencing with Section 54100) of Part 29 of Division 4 of Title 2, and Chapter 3.1 (commencing with Section 58520), Chapter 5 (commencing with Section 58700), Chapter 6 (commencing with Section 58800) of Part 31 of Division 4 of Title 2, and Chapter 4 (commencing with Section 60500) of Part 33 of Division 4 of Title 2 of, and to repeal Part 10.7 (commencing with Section 17910) of Division 1 of Title 1 of, the Education Code, to amend Sections 7906 and 50286 of the Government Code, to amend Sections 33492.78, 33607.5, and 33684 of the Health and Safety Code, to amend Sections 95 and 196.4 of the Revenue and Taxation Code, and to amend Section 903.7 of the Welfare and Institutions Code, relating to school finance, ~~and making~~

an appropriation therefor, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 88, as amended, Buchanan. School finance: new pupil funding formula.

(1) Existing law establishes the public school system in this state, and, among other things, provides for the establishment of county superintendents of schools, school districts, and charter schools throughout the state and for their provision of instruction at the public elementary and secondary schools these local educational agencies maintain. Existing law establishes a public school financing system that requires funding for county superintendents of schools and school districts to be calculated pursuant to a revenue limit, as specified, and requires funding for charter schools to be calculated pursuant to a general-purpose entitlement, except as provided, and requires the revenue limit and general-purpose entitlement to be composed of, among other things, state aid and certain local revenues. Existing law also establishes various categorical education programs under which funding is provided for specific educational purposes, including, among many other programs, programs for home-to-school transportation, adult education, teacher training, and class size reduction.

This bill would revise and recast the provisions related to the public school financing system by requiring state funding for county superintendents of schools, school districts, and charter schools that previously received a general-purpose entitlement, to be calculated pursuant to a local control funding formula, as specified. The bill would repeal many provisions requiring or authorizing categorical education programs, including those related to conservation schools operated by a county superintendent of schools, apprenticeship programs, training for mathematics teachers, gifted and talented pupils, and home economics. As to most other categorical education programs, the bill would repeal provisions mandating their performance and requiring dedicated state funding for that performance, and instead would authorize local educational agencies to expend the funds previously required to be spent for the categorical education programs, including, among others, programs for home-to-school transportation, adult education, teacher training, and class size reduction, for any local educational purpose.

This bill would also change the funding calculations for necessary small schools and make other changes related to shifting financial responsibilities.

(2) Existing law requires a county board of education, a governing board of a school district, and a governing body of a charter school, to annually adopt a budget, as specified.

This bill would require a county board of education, a governing board of a school district, and a governing body of a charter school that receives its funding directly, as specified, to annually adopt or revise a local control and accountability plan that aligns with the annual budget and contains certain elements and that, among other things, was developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils. By requiring county boards of education and school districts to annually adopt or revise a local control and accountability plan, the bill would impose a state-mandated local program.

(3) Existing law requires the reimbursement a school receives for free and reduced-price meals sold or served to pupils, as specified, to be made at a specified rate.

This bill would instead require that the reimbursement a school receives for free and reduced-price meals sold or served to pupils, as specified, be made at a rate specified in the annual Budget Act.

(4) This bill would appropriate \$1,630,222,000 to the Superintendent of Public Instruction for purposes of allocating those funds to county superintendents of schools, school districts, and charter schools pursuant to the local control funding formula for those local educational agencies.

(5) This bill would make conforming changes, correct cross-references, and make other nonsubstantive changes.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(7) Funds appropriated by this bill would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(8) *This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~^{2/3}. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 315.5 of the Education Code is repealed.
2 SEC. 2. Section 316.5 of the Education Code is repealed.
3 SEC. 3. Section 317 of the Education Code is repealed.
4 SEC. 4. Section 1240 of the Education Code is amended to
5 read:
6 1240. The county superintendent of schools shall do all of the
7 following:
8 (a) Superintend the schools of his or her county.
9 (b) Maintain responsibility for the fiscal oversight of each school
10 district in his or her county pursuant to the authority granted by
11 this code.
12 (c) (1) Visit and examine each school in his or her county at
13 reasonable intervals to observe its operation and to learn of its
14 problems. He or she annually may present a report of the state of
15 the schools in his or her county, and of his or her office, including,
16 but not limited to, his or her observations while visiting the schools,
17 to the board of education and the board of supervisors of his or
18 her county.
19 (2) (A) For fiscal years 2004–05 to 2006–07, inclusive, to the
20 extent that funds are appropriated for purposes of this paragraph,
21 the county superintendent, or his or her designee, annually shall
22 submit a report, at a regularly scheduled November board meeting,
23 to the governing board of each school district under his or her
24 jurisdiction, the county board of education of his or her county,
25 and the board of supervisors of his or her county describing the
26 state of the schools in the county or of his or her office that are
27 ranked in deciles 1 to 3, inclusive, of the 2003 base Academic
28 Performance Index (API), as described in subdivision (b) of Section
29 17592.70, and shall include, among other things, his or her
30 observations while visiting the schools and his or her
31 determinations for each school regarding the status of all of the
32 circumstances listed in subparagraph (I) and teacher
33 misassignments and teacher vacancies. As a condition for receipt

1 of funds, the county superintendent, or his or her designee, shall
2 use a standardized template to report the circumstances listed in
3 subparagraph (I) and teacher misassignments and teacher vacancies,
4 unless the current annual report being used by the county
5 superintendent, or his or her designee, already includes those details
6 for each school.

7 (B) Commencing with the 2007–08 fiscal year, to the extent
8 that funds are appropriated for purposes of this paragraph, the
9 county superintendent, or his or her designee, annually shall submit
10 a report, at a regularly scheduled November board meeting, to the
11 governing board of each school district under his or her jurisdiction,
12 the county board of education of his or her county, and the board
13 of supervisors of his or her county describing the state of the
14 schools in the county or of his or her office that are ranked in
15 deciles 1 to 3, inclusive, of the 2006 base API, pursuant to Section
16 52056. As a condition for the receipt of funds, the annual report
17 shall include the determinations for each school made by the county
18 superintendent, or his or her designee, regarding the status of all
19 of the circumstances listed in subparagraph (I) and teacher
20 misassignments and teacher vacancies, and the county
21 superintendent, or his or her designee, shall use a standardized
22 template to report the circumstances listed in subparagraph (I) and
23 teacher misassignments and teacher vacancies, unless the current
24 annual report being used by the county superintendent, or his or
25 her designee, already includes those details with the same level of
26 specificity that is otherwise required by this subdivision. For
27 purposes of this section, schools ranked in deciles 1 to 3, inclusive,
28 on the 2006 base API shall include schools determined by the
29 department to meet either of the following:

- 30 (i) The school meets all of the following criteria:
31 (I) Does not have a valid base API score for 2006.
32 (II) Is operating in fiscal year 2007–08 and was operating in
33 fiscal year 2006–07 during the Standardized Testing and Reporting
34 (STAR) Program testing period.
35 (III) Has a valid base API score for 2005 that was ranked in
36 deciles 1 to 3, inclusive, in that year.
37 (ii) The school has an estimated base API score for 2006 that
38 would be in deciles 1 to 3, inclusive.

39 (C) The department shall estimate an API score for any school
40 meeting the criteria of subclauses (I) and (II) of clause (i) of

1 subparagraph (B) and not meeting the criteria of subclause (III)
2 of clause (i) of subparagraph (B), using available test scores and
3 weighting or corrective factors it deems appropriate. The
4 department shall post the API scores on its Internet Web site on
5 or before May 1.

6 (D) For purposes of this section, references to schools ranked
7 in deciles 1 to 3, inclusive, on the 2006 base API shall exclude
8 schools operated by county offices of education pursuant to Section
9 56140, as determined by the department.

10 (E) (i) Commencing with the 2010–11 fiscal year and every
11 third year thereafter, the Superintendent shall identify a list of
12 schools ranked in deciles 1 to 3, inclusive, of the API for which
13 the county superintendent, or his or her designee, annually shall
14 submit a report, at a regularly scheduled November board meeting,
15 to the governing board of each school district under his or her
16 jurisdiction, the county board of education of his or her county,
17 and the board of supervisors of his or her county that describes the
18 state of the schools in the county or of his or her office that are
19 ranked in deciles 1 to 3, inclusive, of the base API as defined in
20 clause (ii).

21 (ii) For the 2010–11 fiscal year, the list of schools ranked in
22 deciles 1 to 3, inclusive, of the base API shall be updated using
23 the criteria set forth in clauses (i) and (ii) of subparagraph (B),
24 subparagraph (C), and subparagraph (D), as applied to the 2009
25 base API and thereafter shall be updated every third year using
26 the criteria set forth in clauses (i) and (ii) of subparagraph (B),
27 subparagraph (C), and subparagraph (D), as applied to the base
28 API of the year preceding the third year consistent with clause (i).

29 (iii) As a condition for the receipt of funds, the annual report
30 shall include the determinations for each school made by the county
31 superintendent, or his or her designee, regarding the status of all
32 of the circumstances listed in subparagraph (I) and teacher
33 misassignments and teacher vacancies, and the county
34 superintendent, or his or her designee, shall use a standardized
35 template to report the circumstances listed in subparagraph (I) and
36 teacher misassignments and teacher vacancies, unless the current
37 annual report being used by the county superintendent, or his or
38 her designee, already includes those details with the same level of
39 specificity that is otherwise required by this subdivision.

1 (F) The county superintendent of the Counties of Alpine,
2 Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City
3 and County of San Francisco shall contract with another county
4 office of education or an independent auditor to conduct the
5 required visits and make all reports required by this paragraph.

6 (G) On a quarterly basis, the county superintendent, or his or
7 her designee, shall report the results of the visits and reviews
8 conducted that quarter to the governing board of the school district
9 at a regularly scheduled meeting held in accordance with public
10 notification requirements. The results of the visits and reviews
11 shall include the determinations of the county superintendent, or
12 his or her designee, for each school regarding the status of all of
13 the circumstances listed in subparagraph (I) and teacher
14 misassignments and teacher vacancies. If the county
15 superintendent, or his or her designee, conducts no visits or reviews
16 in a quarter, the quarterly report shall report that fact.

17 (H) The visits made pursuant to this paragraph shall be
18 conducted at least annually and shall meet the following criteria:

19 (i) Minimize disruption to the operation of the school.

20 (ii) Be performed by individuals who meet the requirements of
21 Section 45125.1.

22 (iii) Consist of not less than 25 percent unannounced visits in
23 each county. During unannounced visits in each county, the county
24 superintendent shall not demand access to documents or specific
25 school personnel. Unannounced visits shall only be used to observe
26 the condition of school repair and maintenance, and the sufficiency
27 of instructional materials, as defined by Section 60119.

28 (I) The priority objective of the visits made pursuant to this
29 paragraph shall be to determine the status of all of the following
30 circumstances:

31 (i) Sufficient textbooks as defined in Section 60119 and as
32 specified in subdivision (i).

33 (ii) The condition of a facility that poses an emergency or urgent
34 threat to the health or safety of pupils or staff as defined in district
35 policy or paragraph (1) of subdivision (c) of Section 17592.72.

36 (iii) The accuracy of data reported on the school accountability
37 report card with respect to the availability of sufficient textbooks
38 and instructional materials, as defined by Section 60119, and the
39 safety, cleanliness, and adequacy of school facilities, including

1 good repair as required by Sections 17014, 17032.5, 17070.75,
2 and 17089.

3 (J) The county superintendent may make the status
4 determinations described in subparagraph (I) during a single visit
5 or multiple visits. In determining whether to make a single visit
6 or multiple visits for this purpose, the county superintendent shall
7 take into consideration factors such as cost-effectiveness, disruption
8 to the schoolsite, deadlines, and the availability of qualified
9 reviewers.

10 (K) If the county superintendent determines that the condition
11 of a facility poses an emergency or urgent threat to the health or
12 safety of pupils or staff as described in school district policy or
13 paragraph (1) of subdivision (c) of Section 17592.72, or is not in
14 good repair, as specified in subdivision (d) of Section 17002 and
15 required by Sections 17014, 17032.5, 17070.75, and 17089, the
16 county superintendent, among other things, may do any of the
17 following:

18 (i) Return to the school to verify repairs.

19 (ii) Prepare a report that specifically identifies and documents
20 the areas or instances of noncompliance if the school district has
21 not provided evidence of successful repairs within 30 days of the
22 visit of the county superintendent or, for major projects, has not
23 provided evidence that the repairs will be conducted in a timely
24 manner. The report may be provided to the governing board of the
25 school district. If the report is provided to the school district, it
26 shall be presented at a regularly scheduled meeting held in
27 accordance with public notification requirements. The county
28 superintendent shall post the report on his or her Internet Web site.
29 The report shall be removed from the Internet Web site when the
30 county superintendent verifies the repairs have been completed.

31 (d) Distribute all laws, reports, circulars, instructions, and blanks
32 that he or she may receive for the use of the school officers.

33 (e) Annually, on or before August 15, present a report to the
34 governing board of the school district and the Superintendent
35 regarding the fiscal solvency of a school district with a disapproved
36 budget, qualified interim certification, or a negative interim
37 certification, or that is determined to be in a position of fiscal
38 uncertainty pursuant to Section 42127.6.

39 (f) Keep in his or her office the reports of the Superintendent.

1 (g) Keep a record of his or her official acts, and of all the
2 proceedings of the county board of education, including a record
3 of the standing, in each study, of all applicants for certificates who
4 have been examined, which shall be open to the inspection of an
5 applicant or his or her authorized agent.

6 (h) Enforce the course of study.

7 (i) (1) Enforce the use of state textbooks and instructional
8 materials and of high school textbooks and instructional materials
9 regularly adopted by the proper authority in accordance with
10 Section 51050.

11 (2) For purposes of this subdivision, sufficient textbooks or
12 instructional materials has the same meaning as in subdivision (c)
13 of Section 60119.

14 (3) (A) Commencing with the 2005–06 school year, if a school
15 is ranked in any of deciles 1 to 3, inclusive, of the base API, as
16 specified in paragraph (2) of subdivision (c), and not currently
17 under review pursuant to a state or federal intervention program,
18 the county superintendent specifically shall review that school at
19 least annually as a priority school. A review conducted for purposes
20 of this paragraph shall be completed by the fourth week of the
21 school year. For the 2004–05 fiscal year only, the county
22 superintendent shall make a diligent effort to conduct a visit to
23 each school pursuant to this paragraph within 120 days of receipt
24 of funds for this purpose.

25 (B) In order to facilitate the review of instructional materials
26 before the fourth week of the school year, the county superintendent
27 in a county with 200 or more schools that are ranked in any of
28 deciles 1 to 3, inclusive, of the base API, as specified in paragraph
29 (2) of subdivision (c), may utilize a combination of visits and
30 written surveys of teachers for the purpose of determining
31 sufficiency of textbooks and instructional materials in accordance
32 with subparagraph (A) of paragraph (1) of subdivision (a) of
33 Section 60119 and as defined in subdivision (c) of Section 60119.
34 If a county superintendent elects to conduct written surveys of
35 teachers, the county superintendent shall visit the schools surveyed
36 within the same academic year to verify the accuracy of the
37 information reported on the surveys. If a county superintendent
38 surveys teachers at a school in which the county superintendent
39 has found sufficient textbooks and instructional materials for the
40 previous two consecutive years and determines that the school

1 does not have sufficient textbooks or instructional materials, the
2 county superintendent shall within 10 business days provide a copy
3 of the insufficiency report to the school district as set forth in
4 paragraph (4).

5 (C) For purposes of this paragraph, “written surveys” may
6 include paper and electronic or online surveys.

7 (4) If the county superintendent of schools determines that a
8 school does not have sufficient textbooks or instructional materials
9 in accordance with subparagraph (A) of paragraph (1) of
10 subdivision (a) of Section 60119 and as defined by subdivision (c)
11 of Section 60119, the county superintendent shall do all of the
12 following:

13 (A) Prepare a report that specifically identifies and documents
14 the areas or instances of noncompliance.

15 (B) Provide within five business days of the review, a copy of
16 the report to the school district, as provided in subdivision (c), or,
17 if applicable, provide a copy of the report to the school district
18 within 10 business days pursuant to subparagraph (B) of paragraph
19 (3).

20 (C) Provide the school district with the opportunity to remedy
21 the deficiency. The county superintendent shall ensure remediation
22 of the deficiency no later than the second month of the school term.

23 (D) If the deficiency is not remedied as required pursuant to
24 subparagraph (C), the county superintendent shall request the
25 department to purchase the textbooks or instructional materials
26 necessary to comply with the sufficiency requirement of this
27 subdivision. If the department purchases textbooks or instructional
28 materials for the school district, the department shall issue a public
29 statement at the first regularly scheduled meeting of the state board
30 occurring immediately after the department receives the request
31 of the county superintendent and that meets the applicable public
32 notice requirements, indicating that the district superintendent and
33 the governing board of the school district failed to provide pupils
34 with sufficient textbooks or instructional materials as required by
35 this subdivision. Before purchasing the textbooks or instructional
36 materials, the department shall consult with the school district to
37 determine which textbooks or instructional materials to purchase.
38 The amount of funds necessary for the purchase of the textbooks
39 and materials is a loan to the school district receiving the textbooks
40 or instructional materials. Unless the school district repays the

1 amount owed based upon an agreed-upon repayment schedule with
2 the Superintendent, the Superintendent shall notify the Controller
3 and the Controller shall deduct an amount equal to the total amount
4 used to purchase the textbooks and materials from the next
5 principal apportionment of the school district or from another
6 apportionment of state funds.

7 (j) Preserve carefully all reports of school officers and teachers.

8 (k) Deliver to his or her successor, at the close of his or her
9 official term, all records, books, documents, and papers belonging
10 to the office, taking a receipt for them, which shall be filed with
11 the department.

12 (l) (1) Submit two reports during the fiscal year to the county
13 board of education in accordance with the following:

14 (A) The first report shall cover the financial and budgetary status
15 of the county office of education for the period ending October
16 31. The second report shall cover the period ending January 31.
17 Both reports shall be reviewed by the county board of education
18 and approved by the county superintendent no later than 45 days
19 after the close of the period being reported.

20 (B) As part of each report, the county superintendent shall certify
21 in writing whether or not the county office of education is able to
22 meet its financial obligations for the remainder of the fiscal year
23 and, based on current forecasts, for two subsequent fiscal years.
24 The certifications shall be classified as positive, qualified, or
25 negative, pursuant to standards prescribed by the Superintendent,
26 for purposes of determining subsequent state agency actions
27 pursuant to Section 1240.1. For purposes of this subdivision, a
28 negative certification shall be assigned to a county office of
29 education that, based upon current projections, will not meet its
30 financial obligations for the remainder of the fiscal year or for the
31 subsequent fiscal year. A qualified certification shall be assigned
32 to a county office of education that may not meet its financial
33 obligations for the current fiscal year or two subsequent fiscal
34 years. A positive certification shall be assigned to a county office
35 of education that will meet its financial obligations for the current
36 fiscal year and subsequent two fiscal years. In accordance with
37 those standards, the Superintendent may reclassify a certification.
38 If a county office of education receives a negative certification,
39 the Superintendent, or his or her designee, may exercise the
40 authority set forth in subdivision (c) of Section 1630. Copies of

1 each certification, and of the report containing that certification,
2 shall be sent to the Superintendent at the time the certification is
3 submitted to the county board of education. Copies of each
4 qualified or negative certification and the report containing that
5 certification shall be sent to the Controller at the time the
6 certification is submitted to the county board of education.

7 (i) For the 2011–12 fiscal year, notwithstanding any of the
8 standards and criteria adopted by the state board pursuant to Section
9 33127, each county office of education budget shall project the
10 same level of revenue per unit of average daily attendance as it
11 received in the 2010–11 fiscal year and shall maintain staffing and
12 program levels commensurate with that level.

13 (ii) For the 2011–12 fiscal year, the county superintendent shall
14 not be required to certify in writing whether or not the county
15 office of education is able to meet its financial obligations for the
16 two subsequent fiscal years.

17 (iii) For the 2011–12 fiscal year, notwithstanding any of the
18 standards and criteria adopted by the state board pursuant to Section
19 33127, the Superintendent, as a condition on approval of a county
20 office of education budget, shall not require a county office of
21 education to project a lower level of revenue per unit of average
22 daily attendance than it received in the 2010–11 fiscal year nor
23 require the county superintendent to certify in writing whether or
24 not the county office of education is able to meet its financial
25 obligations for the two subsequent fiscal years.

26 (2) All reports and certifications required under this subdivision
27 shall be in a format or on forms prescribed by the Superintendent,
28 and shall be based on standards and criteria for fiscal stability
29 adopted by the state board pursuant to Section 33127. The reports
30 and supporting data shall be made available by the county
31 superintendent to an interested party upon request.

32 (3) This subdivision does not preclude the submission of
33 additional budgetary or financial reports by the county
34 superintendent to the county board of education or to the
35 Superintendent.

36 (4) The county superintendent is not responsible for the fiscal
37 oversight of the community colleges in the county, however, he
38 or she may perform financial services on behalf of those
39 community colleges.

1 (m) If requested, act as agent for the purchase of supplies for
2 the city and high school districts of his or her county.

3 (n) For purposes of Section 44421.5, report to the Commission
4 on Teacher Credentialing the identity of a certificated person who
5 knowingly and willingly reports false fiscal expenditure data
6 relative to the conduct of an educational program. This requirement
7 applies only if, in the course of his or her normal duties, the county
8 superintendent discovers information that gives him or her
9 reasonable cause to believe that false fiscal expenditure data
10 relative to the conduct of an educational program has been reported.

11 SEC. 5. Section 1242 of the Education Code is repealed.

12 SEC. 6. Section 1242.5 of the Education Code is repealed.

13 SEC. 7. Section 1622 of the Education Code is amended to
14 read:

15 1622. (a) On or before July 1 of each fiscal year, the county
16 board of education shall adopt an annual budget for the budget
17 year and, for the 2014–15 fiscal year and each fiscal year thereafter,
18 take action on a local control and accountability plan pursuant to
19 Sections 52062 and 52064 and shall file the budget and local
20 control and accountability plan with the Superintendent, the county
21 board of supervisors, and the county auditor. The budget, the local
22 control and accountability plan, and supporting data, shall be
23 maintained and made available for public review. The budget shall
24 indicate the date, time, and location at which the county board of
25 education held the public hearing required under Section 1620.
26 For the 2014–15 fiscal year and each fiscal year thereafter, the
27 county board of education shall not adopt a budget before the
28 county board of education adopts a local control and accountability
29 plan or approves an update to an existing local control and
30 accountability plan. The county board of education shall not adopt
31 a budget that does not align with the local control and
32 accountability plan that applies to the subsequent fiscal year.

33 (b) (1) The Superintendent shall examine the budget to
34 determine if it (1) complies with the standards and criteria adopted
35 by the state board pursuant to Section 33127 for application to
36 final local educational agency budgets, (2) allows the county office
37 of education to meet its financial obligations during the fiscal year,
38 and (3) is consistent with a financial plan that will enable the
39 county office of education to satisfy its multiyear financial
40 commitments. In addition, the Superintendent shall identify any

1 technical corrections to the budget that must be made. On or before
2 August 15, the Superintendent shall approve or disapprove the
3 budget and, in the event of a disapproval, transmit to the county
4 office of education in writing his or her recommendations regarding
5 revision of the budget and the reasons for those recommendations.

6 (2) For the 2011–12 fiscal year, notwithstanding any of the
7 standards and criteria adopted by the state board pursuant to Section
8 33127, the Superintendent, as a condition on approval of a county
9 office of education budget, shall not require a county office of
10 education to project a lower level of revenue per unit of average
11 daily attendance than it received in the 2010–11 fiscal year nor
12 require the county superintendent to certify in writing whether or
13 not the county office of education is able to meet its financial
14 obligations for the two subsequent fiscal years.

15 (3) For the 2014–15 fiscal year and each fiscal year thereafter,
16 the Superintendent shall disapprove a budget if any of the following
17 occur:

18 (A) The county board of education does not file a local control
19 and accountability plan with the Superintendent pursuant to
20 Sections 52062 and 52064.

21 (B) If the Superintendent determines that a local control and
22 accountability plan filed does not adhere to the template adopted
23 by the state board pursuant to Section 52066.

24 (C) If the Superintendent determines that a local control and
25 accountability plan filed does not include all of the components
26 identified in subdivision (a) of Section 52064.

27 (D) If the Superintendent determines that the expenditures
28 included in the budget do not reflect the costs necessary to
29 implement the local control and accountability plan.

30 (c) On or before September 8, the county board of education
31 shall revise the county office of education budget to reflect changes
32 in projected income or expenditures subsequent to July 1, and to
33 include any response to the recommendations of the
34 Superintendent, shall adopt the revised budget, and shall file the
35 revised budget with the Superintendent, the county board of
36 supervisors, and the county auditor. Before revising the budget,
37 the county board of education shall hold a public hearing regarding
38 the proposed revisions, which shall be made available for public
39 inspection not less than three working days before the hearing.
40 The agenda for that hearing shall be posted at least 72 hours before

1 the public hearing and shall include the location where the budget
2 will be available for public inspection. The revised budget, and
3 supporting data, shall be maintained and made available for public
4 review.

5 (d) The Superintendent shall examine the revised budget to
6 determine whether it complies with the standards and criteria
7 adopted by the state board pursuant to Section 33127 for
8 application to final local educational agency budgets and, no later
9 than October 8, shall approve or disapprove the revised budget.
10 For the 2014–15 fiscal year and each fiscal year thereafter, the
11 Superintendent shall disapprove a revised budget if the
12 Superintendent determines that the expenditures included in the
13 budget do not reflect the costs necessary to implement the local
14 control and accountability plan adopted by a county board of
15 education pursuant to Sections 52062 and 52064. If the
16 Superintendent disapproves the budget, he or she shall call for the
17 formation of a budget review committee pursuant to Section 1623.
18 For the 2011–12 fiscal year, notwithstanding any of the standards
19 and criteria adopted by the state board pursuant to Section 33127,
20 the Superintendent, as a condition on approval of a county office
21 of education budget, shall not require a county office of education
22 to project a lower level of revenue per unit of average daily
23 attendance than it received in the 2010–11 fiscal year nor require
24 the county superintendent to certify in writing whether or not the
25 county office of education is able to meet its financial obligations
26 for the two subsequent fiscal years.

27 (e) Notwithstanding any other provision of this section, the
28 budget review for a county office of education shall be governed
29 by paragraphs (1), (2), and (3) of this subdivision, rather than by
30 subdivisions (c) and (d), if the county board of education so elects,
31 and notifies the Superintendent in writing of that decision, no later
32 than October 31 of the immediately preceding calendar year.

33 (1) In the event of the disapproval of the budget of a county
34 office of education pursuant to subdivision (b), on or before
35 September 8, the county superintendent of schools and the county
36 board of education shall review the recommendations of the
37 Superintendent at a regularly scheduled meeting of the county
38 board of education and respond to those recommendations. That
39 response shall include the proposed actions to be taken, if any, as
40 a result of those recommendations.

1 (2) No later than October 8, after receiving the response required
2 under paragraph (1), the Superintendent shall review that response
3 and either approve or disapprove the budget of the county office
4 of education. For the 2014–15 fiscal year and each fiscal year
5 thereafter, the Superintendent shall disapprove a budget if a county
6 board of education does not file a local control and accountability
7 plan with the Superintendent or if the Superintendent determines
8 that the expenditures included in the budget adopted by the county
9 board of education do not reflect the costs necessary to implement
10 the local control and accountability plan. If the Superintendent
11 disapproves the budget, he or she shall call for the formation of a
12 budget review committee pursuant to Section 1623.

13 (3) Not later than 45 days after the Governor signs the annual
14 Budget Act, the county office of education shall make available
15 for public review any revisions in revenues and expenditures that
16 it has made to its budget to reflect the funding made available by
17 that Budget Act.

18 SEC. 8. Section 1630 of the Education Code is amended to
19 read:

20 1630. (a) The Superintendent shall review and consider studies,
21 reports, evaluations, or audits of the county office of education
22 that contain evidence that the county office of education is
23 demonstrating fiscal distress according to the standards and criteria
24 developed pursuant to Section 33127, or that contain a finding by
25 an external reviewer that more than 3 of the 15 most common
26 predictors of school agencies needing intervention, as determined
27 by the County Office Fiscal Crisis and Management Assistance
28 Team, are present. If those findings are made, the Superintendent
29 shall investigate the financial condition of the county office of
30 education and determine if the county office of education may be
31 unable to meet its financial obligations for the current or two
32 subsequent fiscal years, or should receive a qualified or negative
33 interim financial certification pursuant to Section 1240.

34 (b) If at any time during the fiscal year the Superintendent
35 determines that the county office of education may be unable to
36 meet its financial obligations for the current or two subsequent
37 fiscal years, or if the county office of education has a qualified
38 certification pursuant to Section 1240, he or she shall notify the
39 county board of education and the county superintendent in writing
40 of that determination and the basis for the determination. The

1 notification shall include the assumptions used in making the
2 determination and shall be available to the public. The
3 Superintendent shall do the following, as necessary, to ensure that
4 the county office meets its financial obligations:

5 (1) Assign a fiscal expert, paid for by the Superintendent, to
6 advise the county office of education on its financial problems.

7 (2) Conduct a study of the financial and budgetary conditions
8 of the county office of education. If, in the course of this review,
9 the Superintendent determines that his or her office requires
10 analytical assistance or expertise that is not available through the
11 county office of education, he or she may employ, at county office
12 of education expense, on a short-term basis, staff, including
13 certified public accountants, to provide the assistance and expertise.

14 (3) Direct the county office of education to submit a financial
15 projection of all fund and cash balances of the county office of
16 education as of June 30 of the current year and subsequent fiscal
17 years as he or she requires.

18 (4) Require the county office of education to encumber all
19 contracts and other obligations, to prepare appropriate cashflow
20 analyses and monthly or quarterly budget revisions, and to
21 appropriately record all receivables and payables.

22 (5) Direct the county office of education to submit a proposal
23 for addressing the fiscal conditions that resulted in the
24 determination that the county office of education may not be able
25 to meet its financial obligations.

26 (6) Withhold compensation of the county board of education
27 and the county superintendent for failure to provide requested
28 financial information.

29 (c) If, after taking the actions identified in subdivision (a), the
30 Superintendent determines that a county office of education will
31 be unable to meet its financial obligations for the current or
32 subsequent fiscal year, he or she shall notify the county board of
33 education and the county superintendent in writing of that
34 determination and the basis for that determination. The notification
35 shall include the assumptions used in making the determination
36 and shall be available to the public.

37 (d) If the Superintendent makes that determination, or if the
38 county office of education has a negative certification pursuant to
39 Section 1240, the Superintendent, shall, as necessary to enable the

1 county office of education to meet its financial obligations, do one
2 or more of the following:

3 (1) Develop and impose, in consultation with the county board
4 of education and the county superintendent, a budget that will
5 enable the county office of education to meet its financial
6 obligations.

7 (2) Stay or rescind an action that is determined to be inconsistent
8 with the ability of the county office of education to meet its
9 obligations for the current or subsequent fiscal year and may, as
10 necessary, appoint a fiscal adviser to perform some or all of the
11 duties prescribed by this paragraph on his or her behalf. This
12 includes actions up to the point that the subsequent year's budget
13 is approved by the Superintendent. The Superintendent shall inform
14 the county board of education in writing of his or her justification
15 for an exercise of authority under this paragraph.

16 (3) Assist in developing, in consultation with the county board
17 of education and the county superintendent, a financial plan that
18 will enable the county office of education to meet its future
19 obligations.

20 (4) Assist in developing, in consultation with the county board
21 of education and the county superintendent, a budget for the
22 subsequent fiscal year. If necessary, the Superintendent shall
23 continue to work with the county board of education and the county
24 superintendent until the budget for the subsequent year is adopted.

25 (e) Actions taken by the Superintendent pursuant to paragraph
26 (1) or (2) of subdivision (d) shall be accompanied by a notification
27 that includes the actions to be taken, the reasons for the actions,
28 and the assumptions used to support the necessity for those actions.
29 That notification shall be available to the public.

30 (f) This section does not authorize the Superintendent to
31 abrogate a provision of a collective bargaining agreement that was
32 entered into by a county office of education before the date upon
33 which the Superintendent assumed authority pursuant to
34 subdivision (d).

35 (g) The county office of education shall pay reasonable fees
36 charged by the Superintendent for administrative expenses incurred
37 pursuant to subdivision (d) or costs associated with improving the
38 office's financial management practices.

39 (h) Notwithstanding any other law, a county treasurer shall not
40 honor a warrant when the Superintendent, as appropriate, has

1 disapproved that warrant, or has disapproved the order on county
2 office of education funds for which a warrant was prepared.

3 (i) For all purposes of errors and liability insurance policies, a
4 fiscal expert appointed pursuant to this section shall be deemed to
5 be an employee of the county office of education. The
6 Superintendent may require that the fiscal adviser be placed on
7 the county office of education payroll for purposes of remuneration,
8 benefits, and payroll deductions.

9 (j) If staff persons are hired pursuant to paragraph (2) of
10 subdivision (b), the Superintendent may certify to the Controller
11 an amount to be transferred to the state department, from the funds
12 that otherwise would be apportioned to the county office of
13 education pursuant to Section 2575, for the purpose of paying all
14 costs incurred by that staff in performing their respective services.
15 The Controller, upon receipt of that certification, shall transfer that
16 amount.

17 (k) To facilitate the appointment of a county office of education
18 fiscal officer and the employment of additional staff pursuant to
19 paragraphs (1) and (2), respectively, of subdivision (b), for the
20 purposes of those paragraphs, the Superintendent is exempt from
21 the requirements of Article 6 (commencing with Section 999) of
22 Chapter 6 of Division 4 of the Military and Veterans Code and
23 Part 2 (commencing with Section 10100) of Division 2 of the
24 Public Contract Code.

25 SEC. 9. Article 9 (commencing with Section 1780) of Chapter
26 6 of Part 2 of Division 1 of Title 1 of the Education Code is
27 repealed.

28 SEC. 10. Article 10 (commencing with Section 1790) of
29 Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code
30 is repealed.

31 SEC. 11. Article 11 (commencing with Section 1830) of
32 Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code
33 is repealed.

34 SEC. 12. Article 14.5 (commencing with Section 1900) of
35 Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code
36 is repealed.

37 SEC. 13. Article 14.7 (commencing with Section 1915) of
38 Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code
39 is repealed.

1 SEC. 14. Article 17 (commencing with Section 1940) of
2 Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code
3 is repealed.

4 SEC. 15. Section 1982 of the Education Code is repealed.

5 SEC. 16. Section 1982.3 of the Education Code is repealed.

6 SEC. 17. Section 1982.5 of the Education Code is repealed.

7 SEC. 18. Section 1983.5 of the Education Code is repealed.

8 SEC. 19. Article 1 (commencing with Section 2509) of Chapter
9 12 of Part 2 of Division 1 of Title 1 of the Education Code is
10 repealed.

11 SEC. 20. Article 3 (commencing with Section 2550) of Chapter
12 12 of Part 2 of Division 1 of Title 1 of the Education Code is
13 repealed.

14 SEC. 21. Article 3.5 (commencing with Section 2560) of
15 Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code
16 is repealed.

17 SEC. 22. The heading of Article 4 (commencing with Section
18 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of the
19 Education Code is amended and renumbered to read:

20
21 Article 1. Allocation of Property Tax Revenues
22

23 SEC. 23. Section 2573 of the Education Code is amended to
24 read:

25 2573. The remainder computed pursuant to subdivision (d) of
26 Section 2571 is the amount of property tax revenues to be allocated
27 for programs funded pursuant to Section 2575.

28 SEC. 24. Article 2 (commencing with Section 2574) is added
29 to Chapter 12 of Part 2 of Division 1 of Title 1 of the Education
30 Code, to read:

31
32 Article 2. County Local Control Funding Formula
33

34 2574. For the 2013–14 fiscal year and for each fiscal year
35 thereafter, the Superintendent annually shall calculate the County
36 Local Control Funding Formula for each county superintendent
37 of schools as follows:

38 (a) Compute a county office of education operations grant equal
39 to the sum of each of the following amounts:

1 (1) Six hundred fifty-five thousand nine hundred twenty dollars
2 (\$655,920).

3 (2) One hundred nine thousand three hundred twenty dollars
4 (\$109,320) multiplied by the number of school districts for which
5 the county superintendent of schools has jurisdiction pursuant to
6 Section 1253.

7 (3) (A) Seventy dollars (\$70) multiplied by the number of units
8 of countywide average daily attendance, up to a maximum of
9 30,000 units. For purposes of this section, countywide average
10 daily attendance means the aggregate number of annual units of
11 average daily attendance within the county attributable to all school
12 districts for which the county superintendent of schools has
13 jurisdiction pursuant to Section 1253, charter schools within the
14 county, and the schools operated by the county superintendent of
15 schools.

16 (B) Sixty dollars (\$60) multiplied by the number of units of
17 countywide average daily attendance for the portion of countywide
18 average daily attendance, if any, above 30,000 units, up to a
19 maximum of 60,000 units.

20 (C) Fifty dollars (\$50) multiplied by the number of units of
21 countywide average daily attendance for the portion of countywide
22 average daily attendance, if any, above 60,000, up to a maximum
23 of 140,000 units.

24 (D) Forty dollars (\$40) multiplied by the number of units of
25 countywide average daily attendance for the portion of countywide
26 average daily attendance, if any, above 140,000 units.

27 (4) For the 2014–15 fiscal year and each fiscal year thereafter,
28 adjust each of the amounts provided in the prior year pursuant to
29 paragraphs (1), (2), and (3) by the percentage change in the annual
30 average value of the Implicit Price Deflator for State and Local
31 Government Purchases of Goods and Services for the United States,
32 as published by the United States Department of Commerce for
33 the 12-month period ending in the third quarter of the prior fiscal
34 year. This percentage change shall be determined using the latest
35 data available as of May 10 of the preceding fiscal year compared
36 with the annual average value of the same deflator for the 12-month
37 period ending in the third quarter of the second preceding fiscal
38 year, using the latest data available as of May 10 of the preceding
39 fiscal year, as reported by the Department of Finance.

1 (b) Divide the enrollment of unduplicated pupils in all schools
2 operated by a county superintendent of schools by the total
3 enrollment in those schools.

4 (1) For purposes of this section, an “unduplicated pupil” is a
5 pupil who is classified as an English learner pursuant to Section
6 52164, as that section read on January 1, 2013; eligible to receive
7 a free or reduced-price meal pursuant to Section 49552, as that
8 section read on January 1, 2013; or a foster child pursuant to
9 Sections 300 and 601 of the Welfare and Institutions Code. A pupil
10 shall be counted only once for purposes of this section if any of
11 the following apply:

12 (A) The pupil is classified as an English learner and is eligible
13 for a free or reduced-price meal.

14 (B) The pupil is classified as an English learner and is a foster
15 child.

16 (C) The pupil is classified as a foster child and is eligible for a
17 free or reduced-price meal.

18 (D) The pupil is classified as an English learner, is eligible for
19 a free or reduced-price meal, and is a foster child.

20 (2) For purposes of this section, a pupil shall not be classified
21 as an English learner for a total of more than five school years by
22 any school district, charter school, or county office of education.

23 (3) For purposes of this subdivision, a pupil enrolled in a
24 juvenile court school operated by a county superintendent of
25 schools shall not be included in any enrollment counts.

26 (4) Commencing with the 2013–14 fiscal year, a county
27 superintendent of schools annually shall report the enrollment of
28 unduplicated pupils, pupils classified as English learners, pupils
29 eligible for free and reduced-price meals, and foster children in
30 schools operated by the county superintendent of schools to the
31 Superintendent using the California Longitudinal Pupil
32 Achievement Data System. The Superintendent shall make the
33 calculations pursuant to this section using the California
34 Longitudinal Pupil Achievement Data System.

35 (c) Compute an alternative education grant equal to the sum of
36 the following:

37 (1) For the 2013–14 fiscal year, a base grant of eleven thousand
38 forty-five dollars (\$11,045). For the 2014–15 fiscal year and each
39 fiscal year thereafter, adjust the base grant provided in the prior
40 year by the percentage change in the annual average value of the

1 Implicit Price Deflator for State and Local Government Purchases
2 of Goods and Services for the United States, as published by the
3 United States Department of Commerce for the 12-month period
4 ending in the third quarter of the prior fiscal year. This percentage
5 change shall be determined using the latest data available as of
6 May 10 of the preceding fiscal year compared with the annual
7 average value of the same deflator for the 12-month period ending
8 in the third quarter of the second preceding fiscal year, using the
9 latest data available as of May 10 of the preceding fiscal year, as
10 reported by the Department of Finance.

11 (2) A supplemental grant equal to 35 percent of the base grant
12 defined in paragraph (1) multiplied by the percentage calculated
13 in subdivision (b).

14 (3) A concentration grant equal to 35 percent of the base grant
15 defined in paragraph (1) multiplied by the greater of either of the
16 following:

17 (A) The percentage calculated in subdivision (b) less 50 percent.

18 (B) Zero.

19 (4) (A) Multiply the sum of paragraphs (1), (2), and (3) by the
20 total number of units of average daily attendance for pupils
21 attending schools operated by a county office of education,
22 excluding units of average daily attendance for pupils attending a
23 juvenile court school, who are any of the following:

24 (i) Probation-referred pursuant to Sections 300, 601, 602, and
25 654 of the Welfare and Institutions Code.

26 (ii) On probation or parole and not in attendance in a school.

27 (iii) Expelled for any of the reasons specified in subdivision (a)
28 or (c) of Section 48915.

29 (B) Multiply the number of units of average daily attendance
30 for pupils attending a juvenile court school by the sum of the base
31 grant calculated in paragraph (1), a supplemental grant equal to
32 35 percent of the base grant pursuant to paragraph (1), and a
33 concentration grant equal to 17.5 percent of the base grant pursuant
34 to paragraph (1).

35 (C) Add the amounts calculated in subparagraphs (A) and (B).

36 (d) Add the amount calculated in subdivision (a) to the amount
37 calculated in subparagraph (C) of paragraph (4) of subdivision (c).

38 (e) Add all of the following to the amount calculated in
39 subdivision (d):

1 (1) The amount of funding a county superintendent of schools
2 received for the 2012–13 fiscal year from funds allocated pursuant
3 to the Targeted Instructional Improvement Block Grant program,
4 as set forth in Article 6 (commencing with Section 41540) of
5 Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read
6 on January 1, 2013.

7 (2) The amount of funding a county superintendent of schools
8 received for the 2012–13 fiscal year from funds allocated pursuant
9 to the Home to School Transportation program, as set forth in
10 Article 2 (commencing with Section 39820) of Chapter 1 of Part
11 23.5 of Division 3 of Title 2, and Article 10 (commencing with
12 Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, as
13 those articles read on January 1, 2013.

14 2575. Commencing with the 2013–14 budget year and for each
15 fiscal year thereafter, the Superintendent shall distribute the
16 appropriations in Section 14002 to each county superintendent of
17 schools according to the following formula:

18 (a) Calculate a prior year amount of funding for each county
19 superintendent of schools equal to the sum of all of the following:

20 (1) Entitlements for revenue limits in the 2012–13 fiscal year
21 pursuant to Article 3 (commencing with Section 2550) of Chapter
22 12, as that article read on January 1, 2013, adjusted only for
23 changes in average daily attendance claimed by the county
24 superintendent of schools for pupils identified in clauses (i), (ii)
25 and (iii) of subparagraph (A) of paragraph (4) of subdivision (c)
26 of Section 2574 and of pupils attending juvenile court schools. All
27 other average daily attendance claimed by the county
28 superintendent of schools and any other average daily attendance
29 used for purposes of calculating revenue limits pursuant to Article
30 3 (commencing with Section 2550) of Chapter 12, as that article
31 read on January 1, 2013, shall be considered final for purposes of
32 this section as of the annual apportionment for the 2012–13 fiscal
33 year, as calculated for purposes of the certification required on or
34 before February 20, 2014, pursuant to Section 41332.

35 (2) The amount of funding received from appropriations
36 contained in Section 2.00 of the Budget Act of 2012, as adjusted
37 by Section 12.42, in the following items: 6110-104-0001,
38 6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001,
39 6110-119-0001, 6110-122-0001, 6110-124-0001, 6110-128-0001,
40 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-158-0001,

1 6110-166-0001, 6110-167-0001, 6110-181-0001, 6110-188-0001,
2 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001,
3 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001,
4 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001,
5 6110-232-0001, 6110-234-0001, 6110-240-0001, 6110-242-0001,
6 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,
7 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,
8 6110-266-0001, 6110-267-0001, 6110-268-0001, and
9 6360-101-0001, and 2012–13 fiscal year funding for the Class
10 Size Reduction Program pursuant to Chapter 6.10 (commencing
11 with Section 52120) of Part 28 of Division 4 of Title 2, as it read
12 on January 1, 2013.

13 (3) For the 2014–15 fiscal year and for each fiscal year
14 thereafter, the amounts calculated pursuant to paragraph (3) of
15 subdivision (b) in all prior years.

16 (b) Calculate an adjustment to the amount in subdivision (a) as
17 follows:

18 (1) Subtract the amount in subdivision (a) from the amount
19 computed in subdivision (e) of Section 2574. A difference of less
20 than zero shall be deemed to be zero.

21 (2) Divide the difference for the county superintendent of
22 schools calculated in paragraph (1) by the total of the differences
23 for all county superintendents of schools calculated pursuant to
24 paragraph (1).

25 (3) (A) Multiply the proportion calculated in paragraph (2) by
26 the amount of funding appropriated for purposes of this section.
27 The amount calculated shall not exceed the difference for the
28 county superintendent of schools calculated in paragraph (1).

29 (B) Add the amount calculated in subparagraph (A) to the
30 allocation to the county superintendent of schools as calculated
31 pursuant to subdivision (a).

32 (c) Subtract from the amount calculated in subparagraph (B) of
33 paragraph (3) of subdivision (b) the sum of each of the following:

34 (1) Local property tax revenues received pursuant to Section
35 2573 in the then current fiscal year.

36 (2) Any amounts that the county superintendent of schools was
37 required to maintain as restricted and not available for expenditure
38 in the 1978–79 fiscal year as specified in the second paragraph of
39 subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978,
40 as amended by Chapter 51 of the Statutes of 1979.

1 (3) The amount received pursuant to subparagraph (C) of
2 paragraph (3) of subdivision (a) of Section 33607.5 of the Health
3 and Safety Code that is considered property taxes pursuant to that
4 section.

5 (4) The amount, if any, received pursuant to Sections 34177,
6 34179.5, 34179.6, and 34188 of the Health and Safety Code.

7 (5) (A) The amount, if any, received pursuant to subparagraph
8 (B) of paragraph (3) of subdivision (e) of Section 36 of Article
9 XIII of the California Constitution.

10 (B) The amount in subparagraph (A) shall only offset the amount
11 included in paragraph (1) of subdivision (a).

12 (d) (1) The Superintendent shall apportion to the county
13 superintendent of schools either of the following:

14 (A) If the calculation in paragraph (1) of subdivision (b) is
15 positive, the amount calculated in subdivision (c).

16 (B) (i) If the calculation in paragraph (1) of subdivision (b) is
17 equal to zero or is negative, the sum of the amounts in paragraphs
18 (1) and (2) of subdivision (a), less the sum of the amounts included
19 in paragraphs (1) to (5), inclusive, of subdivision (c).

20 (ii) For the first fiscal year in which the amount calculated in
21 subdivision (e) of Section 2574 is greater than the sum of the
22 amounts in paragraphs (1) and (2) of subdivision (a) and for each
23 fiscal year thereafter, the Superintendent shall apportion to the
24 county superintendent of schools the amount calculated in
25 subdivision (e) of Section 2574, less the sum of the amounts
26 included in paragraphs (1) to (5), inclusive, of subdivision (c).

27 (2) If the amount determined pursuant to paragraph (1) is
28 negative, state aid shall not be apportioned to the county
29 superintendent of schools pursuant to paragraph (1). An amount
30 of funds of that county superintendent of schools equal to that
31 negative amount shall be deemed restricted and not available for
32 expenditure during the fiscal year in which subdivision (d) applies.
33 In the following fiscal year, that amount shall be considered local
34 property tax revenue for purposes of paragraph (1) of subdivision
35 (c).

36 (3) Commencing with the 2013–14 fiscal year, the
37 Superintendent shall apportion to the county superintendent of
38 schools an amount of state aid of no less than the amount calculated
39 in paragraph (2) of subdivision (a), including any amount
40 apportioned pursuant to paragraph (1).

(e) (1) Funds apportioned pursuant to this section shall be available for any locally determined educational purpose.

(2) Funds apportioned for purposes of a supplemental grant or concentration grant, pursuant to paragraphs (2) and (3), and subparagraph (B) of paragraph (4) of subdivision (c) of Section 2754, shall be available for any locally determined educational purpose that benefits the pupils that generated those funds pursuant to a local control and accountability plan adopted by the county board of education.

(3) Commencing with the 2013–14 fiscal year, unless otherwise required by federal law, any requirements associated with the items listed in paragraph (2) of subdivision (a) shall not apply.

2576. (a) If a county superintendent of schools enrolls in a school operated by the county superintendent of schools a pupil not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A) of paragraph (4) of subdivision (c) of Section 2574, any attendance generated by that pupil shall be credited to the school district of residence. That school district shall pay to the county superintendent of schools the entire entitlement generated for each unit of average daily attendance by that pupil.

(b) For purposes of this section, the school district of residence for a homeless child, as defined in Section 1981.2, shall be deemed to be the school district that last provided educational services to that child or, if it is not possible to determine that school district, the largest school district in the county.

2577. Notwithstanding any other law, revenue limit funding for county superintendents of schools for the 2012–13 fiscal year and prior fiscal years shall continue to be adjusted pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that section read on January 1, 2013.

SEC. 25. Article 3 (commencing with Section 8070) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 26. Article 4 (commencing with Section 8080) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 27. Section 8092 of the Education Code is amended to read:

8092. (a) A school district or districts, a county superintendent or superintendents, or the governing body of any agency

1 maintaining a regional occupational center or program may contract
2 with a private postsecondary school that is authorized or approved
3 pursuant to Chapter 8 (commencing with Section 94800) of Part
4 59 of Division 10 of Title 3 and that has been in operation not less
5 than two full calendar years before the effective date of the
6 contract, to provide career technical skill training authorized by
7 this code. A school district, community college district, or county
8 superintendent of schools may contract with an activity center,
9 work activity center, or sheltered workshop to provide career
10 technical skill training authorized by this code in an adult education
11 program for adults with disabilities operated pursuant to
12 subdivision (a) of Section 41976.

13 (b) A contract between a public entity and a private
14 postsecondary school entered into pursuant to this section, or an
15 activity center, work activity center, or sheltered workshop, shall
16 do both of the following:

17 (1) Provide that the amount contracted for per student shall not
18 exceed the total direct and indirect costs to provide the same
19 training in the public schools or the tuition the private
20 postsecondary school charges its private students, whichever is
21 lower.

22 (2) Provide that all programs, courses, and classes of instruction
23 shall meet the standards set forth in the California State Plan for
24 Career Technical Education, or is a course of study for adult
25 schools approved by the department.

26 (c) The students who attend a private postsecondary school or
27 an activity center, work activity center, or sheltered workshop
28 pursuant to a contract under this section shall be enrollees of the
29 public entity and the career technical instruction provided pursuant
30 to that contract shall be under the exclusive control and
31 management of the governing body of the contracting public entity.

32 (d) The Department of Finance and the state department may
33 audit the accounts of both the public entity and the private party
34 involved in these contracts to the extent necessary to ensure the
35 integrity of the public funds involved.

36 SEC. 28. Article 8 (commencing with Section 8150) of Chapter
37 1 of Part 6 of Division 1 of Title 1 of the Education Code is
38 repealed.

39 SEC. 29. Chapter 3 (commencing with Section 8500) of Part
40 6 of Division 1 of Title 1 of the Education Code is repealed.

1 SEC. 30. Chapter 5.1 (commencing with Section 8820) of Part
2 6 of Division 1 of Title 1 of the Education Code is repealed.

3 SEC. 31. Chapter 9 (commencing with Section 8980) of Part
4 6 of Division 1 of Title 1 of the Education Code is repealed.

5 SEC. 32. Section 10554 of the Education Code is amended to
6 read:

7 10554. (a) In order for the governing board to carry out its
8 responsibilities pursuant to this chapter, there is hereby established
9 the Educational Telecommunication Fund. The amount of moneys
10 to be deposited in the fund shall be the amount of any offset made
11 to the principal apportionments made pursuant to Sections 2575,
12 42238.02, as implemented by Section 42238.03, 52616, Article
13 1.5 (commencing with Section 52335) of Chapter 9 of Part 28 of
14 Division 4 of Title 2, and Chapter 7.2 (commencing with Section
15 56836) of Part 30 of Division 4 of Title 2, based on a finding that
16 these apportionments were not in accordance with law. The
17 maximum amount that may be annually deposited in the fund from
18 the offset is fifteen million dollars (\$15,000,000). The Controller
19 shall establish an account to receive and expend moneys in the
20 fund. The placement of the moneys in the fund shall occur only
21 upon a finding by the Superintendent and the Director of Finance
22 that the principal apportionments made pursuant to Sections 2575,
23 42238.02, as implemented by Section 42238.03, 52616, and Article
24 1.5 (commencing with Section 52335) of Chapter 9 of Part 28 of
25 Division 4 of Title 2, and Chapter 7.2 (commencing with Section
26 56836) of Part 30 of Division 4 of Title 2 were not in accordance
27 with existing law and were so identified pursuant to Sections 1624,
28 14506, 41020, 41020.2, 41320, 42127.2, and 42127.3, or an
29 independent audit that was approved by the department.

30 (b) Moneys in the fund established pursuant to subdivision (a)
31 shall only be available for expenditure upon appropriation by the
32 Legislature in the Budget Act.

33 (c) The moneys in the fund established pursuant to subdivision
34 (a) may be expended by the governing board to carry out the
35 purposes of this chapter, including for the following purposes:

36 (1) To support the activities of the team established pursuant to
37 subdivision (c) of Section 10551.

38 (2) To assist the school districts and county superintendents of
39 schools in purchasing both hardware and software to allow school
40 districts, county superintendents of schools, and the department

1 to be linked for school business and administrative purposes. The
2 governing board shall establish a matching share requirement that
3 applicant school districts and county superintendents of schools
4 must fulfill to receive those funds. It is the intent of the Legislature
5 to encourage the distribution of grants to school districts and county
6 superintendents of schools to the widest extent possible.

7 (3) To provide technical assistance through county offices of
8 education to school districts in implementing the standards
9 established pursuant to subdivision (a) of Section 10552.

10 SEC. 33. Chapter 13 (commencing with Section 11200) of Part
11 7 of Division 1 of Title 1 of the Education Code is repealed.

12 SEC. 34. Chapter 17 (commencing with Section 11600) of Part
13 7 of Division 1 of Title 1 of the Education Code is repealed.

14 SEC. 35. Section 14002 of the Education Code is amended to
15 read:

16 14002. (a) Notwithstanding any other law, upon certification
17 of the Superintendent, the Controller shall transfer from the General
18 Fund to Section A of the State School Fund during each fiscal year
19 the amount of moneys required to meet the actual computed
20 apportionments for the fiscal year for the purposes set forth in
21 Sections 2575, 42238.02, and 42238.03.

22 (b) The Controller shall also transfer to Section A of the State
23 School Fund any additional amounts appropriated thereto by the
24 Legislature in augmentation of any of the amounts for any of the
25 purposes set forth in Sections 2575, 42238.02, and 42238.03 and
26 such additional amounts shall be allowed and apportioned by the
27 Superintendent and warrants therefor drawn by the Controller in
28 the manner provided in Sections 41050 and 46304, and in this
29 article, Article 2 (commencing with Section 14040), Article 3
30 (commencing with Section 41330) of Chapter 3 of Part 24 of
31 Division 3 of Title 2, and Article 1 (commencing with Section
32 41600) of Chapter 4 of Part 24 of Division 3 of Title 2.

33 SEC. 36. Section 14002.1 of the Education Code is amended
34 to read:

35 14002.1. Notwithstanding any other law, for purposes of
36 determining the amounts to be certified pursuant to subdivision
37 (a) of Section 14002, the Superintendent shall use the property tax
38 estimates received from county auditors pursuant to Section 75.70
39 of the Revenue and Taxation Code.

40 SEC. 37. Section 14002.3 of the Education Code is repealed.

1 SEC. 38. Section 14002.5 of the Education Code is repealed.

2 SEC. 39. Section 14003 of the Education Code is amended to
3 read:

4 14003. (a) Commencing with the 2010–11 fiscal year, on
5 March 28 of each fiscal year in which the percentage growth in
6 per capita General Fund revenues exceeds the percentage growth
7 in California per capita personal income, the Controller shall
8 transfer from the General Fund to Sections A and B of the State
9 School Fund, as set forth in subdivision (c), the amount determined
10 pursuant to paragraph (1) minus the amount determined pursuant
11 to paragraph (2).

12 (1) The product of General Fund revenues from proceeds of
13 taxes and one-half of the difference between the percentage growth
14 in per capita General Fund revenues from proceeds of taxes and
15 in California per capita personal income.

16 (2) The amount of the maintenance factor certified pursuant to
17 Section 41207.2 that is allocated in the current year pursuant to
18 subdivision (e) of Section 8 of Article XVI of the California
19 Constitution.

20 (b) The amount transferred pursuant to subdivision (a) shall be
21 in addition to amounts required to be allocated pursuant to
22 subdivision (b) of Section 8 of Article XVI of the California
23 Constitution.

24 (c) (1) Of the amount determined pursuant to subdivision (a),
25 the Controller shall transfer 92 percent to Section A of the State
26 School Fund. The Superintendent shall allocate the funds
27 transferred pursuant to this paragraph in the following priority
28 order:

29 (A) Such amounts as necessary to implement the local control
30 funding formula pursuant to Section 42238.02, as implemented
31 by Section 42238.03, and the county local control funding formula,
32 pursuant to Section 2575.

33 (B) Any remaining amounts transferred pursuant to this
34 paragraph shall be allocated pursuant to Sections 2575 and
35 42238.02, as implemented by Section 42238.03.

36 (2) Of the amount determined pursuant to subdivision (a), the
37 Controller shall transfer 8 percent to Section B of the State School
38 Fund. The Chancellor of the Community Colleges shall allocate
39 the funds transferred pursuant to this paragraph in equal amounts
40 for the following purposes:

1 (A) For purposes of career and technical education pursuant to
2 Chapter 352 of the Statutes of 2005.

3 (B) As a proportionate increase in general purpose
4 apportionments for community college districts.

5 (d) For purposes of determining the amount required pursuant
6 to paragraph (2) or (3), as applicable, of subdivision (b) of Section
7 8 of Article XVI of the California Constitution for the following
8 fiscal year, all amounts transferred in the prior fiscal year pursuant
9 to this section shall be deemed allocations to school districts and
10 community college districts from General Fund proceeds of taxes
11 appropriated pursuant to Article XIII B for that prior fiscal year.

12 (e) The sum of the amounts transferred pursuant to this section
13 plus the sum of the amounts of the maintenance factor certified
14 pursuant to Section 41207.2 that is allocated pursuant to
15 subdivision (e) of Section 8 of Article XVI of the California
16 Constitution shall not exceed the total amount of eleven billion
17 two hundred twelve million nine hundred nine thousand dollars
18 (\$11,212,909,000) less any maintenance factor amount that is
19 allocated for the 2009–10 fiscal year.

20 SEC. 40. Section 14004 of the Education Code is repealed.

21 SEC. 41. Section 14022.3 of the Education Code is amended
22 to read:

23 14022.3. (a) For purposes of calculating “increases in
24 enrollment” pursuant to paragraph (2) or (3) of subdivision (b) of
25 Section 8 of Article XVI of the California Constitution, the term
26 “enrollment” for school districts, community college districts, and
27 state agencies providing direct elementary and secondary level
28 instructional services means the sum of the following:

29 (1) Second principal apportionment regular average daily
30 attendance for kindergarten and grades 1 to 12, inclusive, as defined
31 in subdivision (b) of Section 42238.05, and as adjusted for any
32 average daily attendance audit findings.

33 (2) Annual average daily attendance for county offices of
34 education, as calculated pursuant to subdivision (c) of Section
35 41601, and as adjusted for any average daily attendance audit
36 findings.

37 (b) Any determination or computation of enrollment for purposes
38 of this section shall be based upon actual data from prior years.
39 For the next succeeding year, any determination or computation

1 of enrollment for purposes of this section shall be the estimated
2 enrollment, adjusted as actual data become available.

3 SEC. 42. Section 14022.5 of the Education Code, as added by
4 Section 2 of Chapter 82 of the Statutes of 1989, is repealed.

5 SEC. 43. Section 14022.5 of the Education Code, as amended
6 by Section 1 of Chapter 92 of the Statutes of 1989, is amended to
7 read:

8 14022.5. (a) For purposes of Section 8.5 of Article XVI of the
9 California Constitution, the term “enrollment” shall have the
10 following meaning for school districts, community college districts,
11 and state agencies providing direct elementary and secondary level
12 instructional services:

13 (1) In school districts:

14 (A) The average daily attendance of each school district reported
15 for the second principal apportionment pursuant to Section 41601.

16 (B) (i) The annual average daily attendance for children enrolled
17 in a state preschool program under the Child Care and Development
18 Services Act (Chapter 2 (commencing with Section 8200) of Part
19 6), except that one unit of average daily attendance, for purposes
20 of this clause, shall equal 700 hours of preschool services.

21 (ii) The annual average daily attendance for children enrolled
22 in any other program under the Child Care and Development
23 Services Act (Chapter 2 (commencing with Section 8200) of Part
24 6), except that one unit of average daily attendance, for purposes
25 of this clause, shall equal 250 days of services. For purposes of
26 this clause, less than four hours per day of services shall be defined
27 as one-half day, from four up to six and one-half hours per day
28 shall be defined as three-fourths day, and six and one-half hours
29 or more per day shall be defined as one full day.

30 (C) The annual average daily attendance for pupils enrolled in
31 an educational program offered by a county office of education,
32 as determined pursuant to subdivisions (b) and (c) of Section
33 41601.

34 (2) In community college districts:

35 (A) The annual average daily attendance of a community college
36 district computed pursuant to Chapter 4 (commencing with Section
37 84500) of Part 50 of Division 7 of Title 3, until Section 84750.5
38 becomes operative, and thereafter the number of full-time
39 equivalent students as computed pursuant to Section 84750.5.

1 (B) The annual average daily attendance for evening community
2 college programs designated as adult schools pursuant to Section
3 78401.

4 (C) The annual average daily attendance of apprentices enrolled
5 in any class, except that one unit of average daily attendance, for
6 purposes of this paragraph, shall equal 525 hours of apprenticeship
7 instruction in an apprenticeship program operated pursuant to
8 Chapter 4 (commencing with Section 3070) of Division 3 of the
9 Labor Code.

10 (3) In state agencies that provide direct elementary and
11 secondary level instructional services:

12 (A) The annual average daily attendance equivalent for pupils
13 enrolled in the State Schools for the Handicapped pursuant to Part
14 32 (commencing with Section 59000) of Division 4 of Title 2.

15 (B) The annual average daily attendance equivalent for pupils
16 attending an educational program administered by the Department
17 of the Youth Authority pursuant to Article 6 (commencing with
18 Section 1120) and Article 10 (commencing with Section 1250) of
19 Part 1 of Division 2 of Chapter 3 of the Welfare and Institutions
20 Code.

21 (C) The annual average daily attendance equivalent for pupils
22 in the state hospitals operated by the State Department of
23 Developmental Services pursuant to Chapter 8 (commencing with
24 Section 56850) of Part 30 of Division 4 of Title 2.

25 (b) Any determination or computation of enrollment for purposes
26 of this section shall be based upon actual data from prior years.
27 For the next succeeding year, any determination or computation
28 of enrollment for purposes of this section shall be the estimated
29 enrollment, adjusted as actual data become available.

30 SEC. 44. Section 14035 of the Education Code is repealed.

31 SEC. 45. Section 14041 of the Education Code is amended to
32 read:

33 14041. (a) The Controller shall draw warrants on the State
34 Treasury in favor of the county treasurer of each county in each
35 month of each year in the amounts and manner prescribed in this
36 section so as to provide in each warrant a portion of the total
37 amount certified by the Superintendent as apportioned under the
38 provisions of Sections 41330 to 41343, inclusive, and Chapter 4
39 (commencing with Section 41600) and Chapter 5 (commencing
40 with Section 41760.2) and Article 2 (commencing with Section

1 42238.02) of Chapter 7 of Part 24 of Division 3 of Title 2, during
2 the fiscal year from the State School Fund to the school districts
3 under the jurisdiction of the county superintendent of schools of
4 the county, to the county school service fund, and to the county
5 school tuition fund of the county.

6 (1) Warrants for amounts allowed to county school service funds
7 under subdivisions (a) and (b) of Section 14054 shall be for
8 amounts equal to 5 percent in July, 5 percent in August, and 9
9 percent in each remaining month of the fiscal year of the amounts
10 certified by the Superintendent as a part of the advance
11 apportionment.

12 (2) Warrants for amounts apportioned to school districts and
13 county school service funds for classes maintained by county
14 superintendents of schools and to the county school tuition funds
15 shall be for amounts equal to 5 percent in July, 5 percent in August,
16 and 9 percent in September, October, November, December, and
17 January, of the amounts certified by the Superintendent as a part
18 of the advance apportionment.

19 (3) Warrants in the months of February to May, inclusive, shall
20 be for amounts equal to one-fifth of the difference between the
21 amounts certified by the Superintendent for school districts and
22 county school service funds for classes maintained by county
23 superintendents of schools and county school tuition funds as the
24 first principal apportionment and the amounts required by
25 paragraph (2).

26 (4) Warrants for the month of June shall be for amounts equal
27 to the difference between the amounts certified by the
28 Superintendent for school districts and county school service funds
29 for classes maintained by county superintendents of schools and
30 county school tuition funds as the second principal apportionment
31 and the amounts required by paragraphs (2) and (3).

32 (5) Warrants in the months of July and August shall include 5
33 percent of the estimated total amounts of the special purpose
34 apportionment, as determined by the Superintendent. Warrants in
35 the months of September to November, inclusive, shall include 9
36 percent of the estimated total amounts of the special purpose
37 apportionment, as determined by the Superintendent. Warrants in
38 December shall include 9 percent of the amounts certified by the
39 Superintendent as the special purpose apportionment, as adjusted,
40 if necessary, to correct excesses or deficiencies in the estimates

1 made for purposes of the warrants in the months of September to
2 November, inclusive. An additional 9 percent of the amounts of
3 the special purpose apportionment shall be included in the warrants
4 for the months from January to June, inclusive.

5 (6) Warrants in June shall include the total amounts certified
6 by the Superintendent as the final apportionment.

7 (7) Notwithstanding paragraph (2) to the contrary, for school
8 districts that reported less than 5,000 units of average daily
9 attendance in the 1979–80 fiscal year and that received 39 percent
10 or more, but less than 75 percent, of their total revenue limits from
11 local property taxes in that fiscal year, warrants for amounts
12 apportioned to the school districts shall be for amounts equal to
13 15 percent in July, August, September, and October; zero percent
14 in November and December; and 6 percent in January of the
15 amounts certified by the Superintendent as a part of the advance
16 apportionment. Warrants for amounts apportioned to the school
17 districts for the months of February to May, inclusive, shall be in
18 accordance with paragraph (3), and for the month of June, shall
19 be in accordance with paragraph (4).

20 (8) Notwithstanding paragraph (2) or (7) to the contrary, for
21 school districts which reported less than 5,000 units of average
22 daily attendance in the 1979–80 fiscal year and which received 75
23 percent or more of their total revenue limits from local property
24 taxes in that fiscal year, warrants for amounts apportioned to the
25 school districts shall be for amounts equal to 15 percent in July;
26 30 percent in August and September; 15 percent in October; zero
27 percent in November and December; 6 percent in January; and
28 zero percent in February, March, April, and May, of the amounts
29 certified by the Superintendent as a part of the advance
30 apportionment. Warrants for the month of June shall be in
31 accordance with paragraph (4).

32 (9) (A) Notwithstanding any other law, for the 2012–13 fiscal
33 year only, for purposes of warrants drawn on the State Treasury
34 pursuant to this section, the amount certified by the Superintendent
35 as the advance apportionment and first principal apportionment
36 shall include the following reduction:

37 (i) The Superintendent shall multiply six billion nine hundred
38 twenty-one million five hundred twenty-two thousand dollars
39 (\$6,921,522,000) by the ratio of the revenue limit or charter school
40 general purposes funding for each county office of education,

1 school district, or charter school, to the statewide total of revenue
2 limit and charter school general purpose funding.

3 (ii) For each county office of education, school district, or
4 charter school, the Superintendent shall subtract the amount
5 calculated in clause (i) from the apportionments calculated pursuant
6 to Sections 2558, 42238, and 47633, as those sections read on June
7 30, 2013.

8 (B) Notwithstanding any other law, for the 2012–13 fiscal year,
9 the Superintendent shall delay the second principal apportionment
10 calculated pursuant to Section 41335 from July 2, 2013, to July
11 15, 2013, to account for all revenues remitted to school districts
12 and county offices of education pursuant to subparagraph (B) of
13 paragraph (3) of subdivision (e) of Section 36 of Article XIII of
14 the California Constitution. The Superintendent shall ensure that
15 the second principal apportionment calculated pursuant to Section
16 41335 accounts for the difference between the amount distributed
17 pursuant to subparagraph (B) of paragraph (3) of subdivision (e)
18 of Section 36 of Article XIII of the California Constitution and
19 the offsets listed in subparagraph (A). Nothing in this section shall
20 delay the payment of warrants to school districts and county offices
21 of education 10 days before the close of the state’s fiscal year
22 pursuant to subparagraph (B) of paragraph (3) of subdivision (e)
23 of Section 36 of Article XIII of the California Constitution.

24 (10) Notwithstanding paragraph (1), (3), or (7), for the 2012–13
25 fiscal year only, the Superintendent shall reduce the June warrants
26 for any amounts received pursuant to Sections 34179.5 and 34179.6
27 of the Health and Safety Code. This reduction shall constitute the
28 entire amount distributed pursuant to Sections 34179.5 and 34179.6
29 of the Health and Safety Code and offset pursuant to subparagraph
30 (B) of paragraph (6) of subdivision (h) of Section 42238, paragraph
31 (6) of subdivision (c) of Section 2558, and Section 56836.08, as
32 those sections read on June 30, 2013.

33 (b) The drawing of the warrants required to be drawn during
34 any one of the months mentioned may be postponed by the
35 Controller for not to exceed 30 days, but the total amounts due the
36 several counties during any fiscal year shall be paid within the
37 fiscal year. The warrants shall be paid by the Treasurer from the
38 State School Fund and are not subject to Section 925.6 of the
39 Government Code.

40 SEC. 46. Section 14041.1 of the Education Code is repealed.

1 SEC. 47. Section 14041.6 of the Education Code is amended
2 to read:

3 14041.6. (a) Notwithstanding subdivision (a) of Section 14041,
4 or any other law, for the 2008–09 fiscal year warrants for the
5 principal apportionments for the month of February in the amount
6 of two billion dollars (\$2,000,000,000) instead shall be drawn in
7 July of the same calendar year pursuant to the certification made
8 pursuant to Section 41339.

9 (b) Notwithstanding subdivision (a) of Section 14041 or any
10 other law, for the 2009–10 fiscal year warrants for the principal
11 apportionments for the month of February in the amount of two
12 billion dollars (\$2,000,000,000) instead shall be drawn in July of
13 the same calendar year, and warrants for the month of April in the
14 amount of six hundred seventy-eight million six hundred eleven
15 thousand dollars (\$678,611,000) and for the month of May in the
16 amount of one billion dollars (\$1,000,000,000) instead shall be
17 drawn in August of the same calendar year pursuant to the
18 certification made pursuant to Section 41339.

19 (c) Notwithstanding subdivision (a) of Section 14041 or any
20 other law, for the 2010–11 fiscal year, warrants for the principal
21 apportionments for the month of February in the amount of two
22 billion dollars (\$2,000,000,000), for the month of April in the
23 amount of four hundred nineteen million twenty thousand dollars
24 (\$419,020,000), for the month of May in the amount of eight
25 hundred million dollars (\$800,000,000), and for the month of June
26 in the amount of five hundred million dollars (\$500,000,000)
27 instead shall be drawn in July of the same calendar year and
28 warrants for the month of April in the amount of six hundred
29 seventy-eight million six hundred eleven thousand dollars
30 (\$678,611,000) and for the month of May in the amount of one
31 billion dollars (\$1,000,000,000) instead shall be drawn in August
32 pursuant to the certification made pursuant to Section 41339.

33 (d) Notwithstanding subdivision (a) of Section 14041 or any
34 other law, for the 2011–12 fiscal year, warrants for the principal
35 apportionments for the month of February in the amount of two
36 billion dollars (\$2,000,000,000), for the month of April in the
37 amount of four hundred nineteen million twenty thousand dollars
38 (\$419,020,000), for the month of May in the amount of eight
39 hundred million dollars (\$800,000,000), and for the month of June
40 in the amount of five hundred million dollars (\$500,000,000)

1 instead shall be drawn in July of the same calendar year and
2 warrants for the month of March in the amount of one billion three
3 hundred million dollars (\$1,300,000,000), for the month of April
4 in the amount of one billion four hundred forty-two million four
5 hundred five thousand dollars (\$1,442,405,000), and for the month
6 of May in the amount of one billion dollars (\$1,000,000,000)
7 instead shall be drawn in August of the same calendar year pursuant
8 to the certification made pursuant to Section 41339.

9 (e) Notwithstanding subdivision (a) of Section 14041, or any
10 other law, for the 2012–13 fiscal year warrants for the principal
11 apportionments for the month of February in the amount of five
12 hundred thirty-one million seven hundred twenty thousand dollars
13 (\$531,720,000), for the month of April in the amount of five
14 hundred ninety-four million seven hundred forty-eight thousand
15 dollars (\$594,748,000), for the month of May in the amount of
16 one billion nine hundred seventy-six million seven hundred one
17 thousand dollars (\$1,976,701,000), and for the month of June in
18 the amount of five hundred million dollars (\$500,000,000) instead
19 shall be drawn in July of the same calendar year and warrants for
20 the month of March in the amount of one billion twenty-nine
21 million four hundred ninety-three thousand dollars
22 (\$1,029,493,000) and for the month of April in the amount of seven
23 hundred sixty-three million seven hundred ninety-four thousand
24 dollars (\$763,794,000) instead shall be drawn in August pursuant
25 to the certification made pursuant to Section 41339.

26 (f) Notwithstanding subdivision (a) of Section 14041, or any
27 other law, commencing with the 2013–14 fiscal year warrants for
28 the principal apportionments for the month of April in the amount
29 of three hundred ninety million nine hundred thirty-nine thousand
30 dollars (\$390,939,000), for the month of May in the amount of
31 one billion nine hundred seventy-six million seven hundred one
32 thousand dollars (\$1,976,701,000), and for the month of June in
33 the amount of five hundred million dollars (\$500,000,000) instead
34 shall be drawn in July of the same calendar year and warrants for
35 the month of April in the amount of seven hundred sixty-three
36 million seven hundred ninety-four thousand dollars (\$763,794,000)
37 instead shall be drawn in August pursuant to the certification made
38 pursuant to Section 41339.

39 (g) Notwithstanding subdivision (a) of Section 14041 or any
40 other law, commencing with the 2013–14 fiscal year, warrants for

1 the principal apportionments for the month of May in the amount
2 of two hundred million dollars (\$200,000,000) and for the month
3 of June in the amount of six hundred ninety-nine million four
4 hundred seventy-three thousand dollars (\$699,473,000) instead
5 shall be drawn in July of the same calendar year pursuant to the
6 certification made pursuant to Section 41339. The Superintendent
7 shall allocate this deferred amount and repayment to local
8 educational agencies based on their proportionate share of funding
9 appropriated to local educational agencies pursuant to Section 92
10 of Chapter 38 of the Statutes of 2012.

11 (h) Except as provided in subdivisions (c) and (e) of Section
12 41202, for purposes of making the computations required by
13 Section 8 of Article XVI of the California Constitution, the
14 warrants drawn pursuant to subdivisions (a) to (g), inclusive, shall
15 be deemed to be “General Fund revenues appropriated for school
16 districts,” as defined in subdivision (c) of Section 41202, for the
17 fiscal year in which the warrants are drawn and included within
18 the “total allocations to school districts and community college
19 districts from General Fund proceeds of taxes appropriated pursuant
20 to Article XIII B,” as defined in subdivision (e) of Section 41202,
21 for the fiscal year in which the warrants are drawn.

22 SEC. 48. Section 14041.65 of the Education Code is repealed.

23 SEC. 49. Section 14401.1 of the Education Code is repealed.

24 SEC. 50. Section 14501 of the Education Code is amended to
25 read:

26 14501. (a) As used in this chapter, “financial and compliance
27 audit” shall be consistent with the definition provided in the
28 “Standards for Audits of Governmental Organizations, Programs,
29 Activities, and Functions” promulgated by the Comptroller General
30 of the United States. Financial and compliance audits conducted
31 under this chapter shall fulfill federal single audit requirements.

32 (b) As used in this chapter, “compliance audit” means an audit
33 that ascertains and verifies whether or not funds provided through
34 apportionment, contract, or grant, either federal or state, have been
35 properly disbursed and expended as required by law or regulation
36 or both and includes the verification of each of the following:

37 (1) Expenditure of these funds in accordance with the local
38 control and accountability plan adopted by the governing board
39 of the school district pursuant to Sections 52060 and 52064 or the
40 county board of education pursuant to Sections 52062 and 52064.

(2) The reporting requirements for the sufficiency of textbooks or instructional materials, or both, as defined in Section 60119.

(3) Teacher misassignments pursuant to Section 44258.9.

(4) The accuracy of information reported on the School Accountability Report Card required by Section 33126. The requirements set forth in paragraphs (1) and (2) and this paragraph shall be added to the audit guide requirements pursuant to subdivision (b) of Section 14502.1.

SEC. 51. Section 17005.3 of the Education Code is amended to read:

17005.3. (a) A school district with an average daily attendance of less than 2,501 pupils may apply to the board for a loan to cover the project activities of the first or second phase, as those phases were defined on July 1, 1993, of a project funded under this chapter. The loan shall not be used for the purchase of real property and shall be repaid by the school district either through a dedication of fees or charges levied pursuant to Section 17620 until the loan is repaid or upon receiving the project funding at the construction phase, but, in any event, the loan shall be repaid within five years from the date on which the board makes the loan. In addition to the other methods of repayment specified in this subdivision, the board may also notify the Controller if a school district is 90 days late in making loan repayments, in which case the Controller shall reduce the apportionments to which the school district is otherwise entitled under Section 42238, as that section read on June 30, 2013, and Section 42238.02, as implemented pursuant to Section 42238.03, as necessary to recover past due payments and any current payments.

(b) The board may make loans under this section to the extent that the board determines that funds are available for that purpose. The total annual maximum funds that may be loaned under this section is ten million dollars (\$10,000,000) per fiscal year.

(c) The board may make loans under this section only for those projects and phases that have met all of the eligibility standards of the board and receive approval for an apportionment, but for which apportionment funds are not available. In any event, the amount of the loan shall not exceed the amount that would have been eligible for apportionment.

SEC. 52. Section 17008.3 of the Education Code is amended to read:

1 17008.3. (a) The board may establish a revolving loan account
2 within the State School Building Lease-Purchase Fund, and may
3 allocate from the fund to that account those amounts it determines
4 to be necessary for purposes of this section.

5 (b) The board may apportion to a school district that submits to
6 the board a statement of its intent to subsequently file a project
7 application under this chapter, a loan for the purpose of advance
8 planning and related administrative costs pursuant to the
9 preparation of that application. The loan amount shall not exceed
10 3 percent of the estimated project cost, as determined pursuant to
11 the building cost standards established under this chapter.

12 (c) If, within a period of 24 months following the receipt of any
13 loan amounts under this section, the project for which those
14 advance planning funds were provided has not been found by the
15 board to be qualified for funding under this chapter, the board shall
16 so notify the Controller, who shall reduce the apportionments to
17 which the school district is otherwise entitled under Section 42238,
18 as that section read on June 30, 2013, and Section 42238.02, as
19 implemented pursuant to Section 42238.03, as necessary to repay
20 the amount of all loans provided under this section, over such
21 period of time as the board finds to be reasonable. The Controller
22 shall transfer the amount of all apportionment reductions imposed
23 under this subdivision to the revolving loan account established
24 under this section.

25 (d) The repayment of loan amounts received under this section
26 by school districts other than those described under subdivision
27 (c) shall be accomplished by the withholding, as determined by
28 the board, of apportionment funds that would be available to the
29 school district for purposes of the project for which the school
30 district received funding approval under this chapter.

31 SEC. 53. Section 17193.5 of the Education Code is amended
32 to read:

33 17193.5. (a) For purposes of this section, “public credit
34 provider” means any financial institution or combination of
35 financial institutions, that consists either solely, or has as a member
36 or participant, a public retirement system. Notwithstanding any
37 other law, a public credit provider, in connection with providing
38 credit enhancement for bonds, notes, certificates of participation,
39 or other evidences of indebtedness of a participating party, may
40 require the participating party to agree to the following conditions:

1 (1) If a participating party adopts a resolution by a majority vote
2 of its board to participate under this section, it shall provide notice
3 to the Controller of that election. The notice shall include a
4 schedule for the repayment of principal and interest on the bonds,
5 notes, certificates of participation, or other evidence of
6 indebtedness and identify the public credit provider that provided
7 credit enhancement. The notice shall be provided not later than
8 the date of issuance of the bonds.

9 (2) If, for any reason a public credit provider is required to make
10 principal or interest payments or both pursuant to a credit
11 enhancement agreement, the public credit provider shall
12 immediately notify the Controller of that fact and of the amount
13 paid out by the public credit provider.

14 (3) Upon receipt of the notice required by paragraph (2), the
15 Controller shall make an apportionment to the public credit
16 provider in the amount of the payments made by the public credit
17 provider for the purpose of reimbursing the public credit provider
18 for its expenditures made pursuant to the credit enhancement
19 agreement. The Controller shall make that apportionment only
20 from moneys designated for apportionments to a participating
21 party, provided that such moneys are from one or more of the
22 following:

23 (A) Any funding apportioned for purposes of revenue limits or
24 the local control funding formula pursuant to Section 42238.02,
25 as implemented by Section 42238.03, to a school district or county
26 office of education without regard to the specific funding source
27 of the apportionment.

28 (B) Any general apportionments to a community college district
29 without regard to the specific funding source of the apportionment.

30 (C) Any funding apportioned for purposes of the charter school
31 block grant or the local control funding formula pursuant to Section
32 42238.02, as implemented by Section 42238.03, to a charter school
33 without regard to the specific funding source of the apportionment.

34 (b) The amount apportioned for a participating party pursuant
35 to this section shall be deemed to be an allocation to the
36 participating party and shall be included in the computation of
37 allocation, limit, entitlement, or apportionment for the participating
38 party. The participating party and its creditors do not have a claim
39 to funds apportioned or anticipated to be apportioned to the trustee
40 by the Controller pursuant to paragraph (3) of subdivision (a).

1 SEC. 54. Section 17199.4 of the Education Code is amended
2 to read:

3 17199.4. (a) Notwithstanding any other law, any participating
4 party, in connection with securing financing or refinancing of
5 projects, or working capital pursuant to this chapter, may elect to
6 guarantee or provide for payment of the bonds and related
7 obligations in accordance with the following conditions:

8 (1) If a participating party adopts a resolution by a majority vote
9 of its board to participate under this section, it shall provide notice
10 to the Controller of that election. The notice shall include a
11 schedule for the repayment of principal and interest on the bonds,
12 and any other costs necessary or incidental to financing pursuant
13 to this chapter, and identify a trustee appointed by the participating
14 party or the authority for purposes of this section. If payment of
15 all or a portion of the principal and interest on the bond is secured
16 by a letter of credit or other instrument of direct payment, the
17 notice may provide for reimbursements to the provider of the
18 instrument in lieu of payment of that portion of the principal and
19 interest of the bonds. The notice shall be provided not later than
20 the date of issuance of the bonds or 60 days before the next
21 payment, whichever date is later. The participating party shall
22 update the notice at least annually if there is a change in the
23 required payment for any reason, including, but not limited to,
24 providing for new or increased costs necessary or incidental to the
25 financing.

26 (2) If, for any reason, the participating party will not make a
27 payment at the time the payment is required, the participating party
28 shall notify the trustee of that fact and of the amount of the
29 deficiency. If the trustee receives this notice from the participating
30 party, or does not receive any payment by the date that payment
31 becomes due, the trustee shall immediately communicate that
32 information to the Controller.

33 (3) Upon receipt of the notice required by paragraph (2), the
34 Controller shall make an apportionment to the trustee on the date
35 shown in the schedule in the amount of the deficiency for the
36 purpose of making the required payment. The Controller shall
37 make that apportionment only from moneys designated for
38 apportionment to a participating party, provided that such moneys
39 are from one or more of the following:

1 (A) Any funding apportioned for purposes of revenue limits or
2 the local control funding formula pursuant to Section 42238.02,
3 as implemented by Section 42238.03, to a school district or county
4 office of education without regard to the specific funding source
5 of the apportionment.

6 (B) Any funding apportioned for purposes of the charter school
7 block grant or the local control funding formula pursuant to Section
8 42238.02, as implemented by Section 42238.03, to a charter school
9 without regard to the specific funding source of the apportionment.

10 (4) As an alternative to the procedures set forth in paragraphs
11 (2) and (3), the participating party may provide a transfer schedule
12 in its notice to the Controller of its election to participate under
13 this section. The transfer schedule shall set forth amounts to be
14 transferred to the trustee and the date for the transfers. The
15 Controller, subject to the limitation in paragraph (3), shall make
16 apportionments to the trustee of those amounts on the specified
17 date for the purpose of making those transfers. The authority may
18 require a participating party to proceed under this subdivision.

19 (b) The amount apportioned for a participating party pursuant
20 to this section shall be deemed to be an allocation to the
21 participating party and shall be included in the computation of
22 allocation, limit, entitlement, or apportionment for the participating
23 party.

24 The participating party and its creditors do not have a claim to
25 funds apportioned or anticipated to be apportioned to the trustee
26 by the Controller pursuant to paragraph (3) and (4) of subdivision
27 (a), or to the funds apportioned to by the Controller to the trustee
28 under any other provision of this section.

29 (c) (1) Participating parties that elect to participate under this
30 section shall apply to the authority. The authority shall consider
31 each of the following priorities in making funds available:

32 (A) First priority shall be given to school districts, charter
33 schools, or county offices of education that apply for funding for
34 instructional classroom space.

35 (B) Second priority shall be given to school districts, charter
36 schools, or county offices of education that apply for funding of
37 modernization of instructional classroom space.

38 (C) Third priority shall be given to all other eligible costs, as
39 defined in Section 17173.

1 (2) The authority shall prioritize applications at appropriate
2 intervals.

3 (3) A school district electing to participate under this section
4 that has applied for revenue bond moneys for purposes of joint
5 venture school facilities construction projects, pursuant to Article
6 5 (commencing with Section 17060) of Chapter 12, shall not be
7 subject to the priorities set forth in paragraph (1).

8 (d) This section shall not be construed to make the State of
9 California liable for any payments within the meaning of Section
10 1 of Article XVI of the California Constitution or otherwise, except
11 as expressly provided in this section.

12 (e) A school district that has a qualified or negative certification
13 pursuant to Section 42131, or a county office of education that has
14 a qualified or negative certification pursuant to Section 1240, may
15 not participate under this section.

16 SEC. 55. Section 17582 of the Education Code is amended to
17 read:

18 17582. (a) The governing board of a school district may
19 establish a restricted fund to be known as the “district deferred
20 maintenance fund” for purposes of major repair or replacement of
21 plumbing, heating, air conditioning, electrical, roofing, and floor
22 systems, the exterior and interior painting of school buildings, the
23 inspection, sampling, and analysis of building materials to
24 determine the presence of asbestos-containing materials, the
25 encapsulation or removal of asbestos-containing materials, the
26 inspection, identification, sampling, and analysis of building
27 materials to determine the presence of lead-containing materials,
28 the control, management, and removal of lead-containing materials,
29 and any other items of maintenance approved by the State
30 Allocation Board. Funds deposited in the district deferred
31 maintenance fund may be received from any source whatsoever,
32 and shall be accounted for separately from all other funds and
33 accounts and retained in the district deferred maintenance fund for
34 purposes of this section. The term “school building” as used in
35 this article includes a facility that a county office of education is
36 authorized to use pursuant to Article 3 (commencing with Section
37 17280) of Chapter 3.

38 (b) Funds deposited in the district deferred maintenance fund
39 shall only be expended for maintenance purposes as provided
40 pursuant to subdivision (a).

(c) The governing board of each school district shall have complete control over the funds and earnings of funds once deposited in the district deferred maintenance fund.

SEC. 56. Section 17583 of the Education Code is repealed.

SEC. 57. Section 17584 of the Education Code is repealed.

SEC. 58. Section 17584.1 of the Education Code, as amended by Section 18 of Chapter 7 of the Statutes of 2011, is repealed.

SEC. 59. Section 17584.1 of the Education Code, as amended by Section 19 of Chapter 7 of the Statutes of 2011, is repealed.

SEC. 60. Section 17584.2 of the Education Code is repealed.

SEC. 61. Section 17584.3 of the Education Code is repealed.

SEC. 62. Section 17585 of the Education Code is repealed.

SEC. 63. Section 17586 of the Education Code is repealed.

SEC. 64. Section 17587 of the Education Code is repealed.

SEC. 65. Section 17588 of the Education Code is repealed.

SEC. 66. Section 17592 of the Education Code is repealed.

SEC. 67. Section 17592.74 of the Education Code is amended to read:

17592.74. Notwithstanding any other law, the funds provided to school districts from the School Facilities Emergency Repair Account pursuant to this article for the purpose of emergency repair grants shall not be deposited into a school district deferred maintenance fund for purposes established pursuant to Section 17582.

SEC. 68. Part 10.7 (commencing with Section 17910) of Division 1 of Title 1 of the Education Code is repealed.

SEC. 69. Article 3.6 (commencing with Section 32228) of Chapter 2 of Part 19 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 70. Section 32282 of the Education Code is amended to read:

32282. (a) The comprehensive school safety plan shall include, but not be limited to, both of the following:

(1) Assessing the current status of school crime committed on school campuses and at school-related functions.

(2) Identifying appropriate strategies and programs that will provide or maintain a high level of school safety and address the school's procedures for complying with existing laws related to school safety, which shall include the development of all of the following:

1 (A) Child abuse reporting procedures consistent with Article
2 2.5 (commencing with Section 11164) of Chapter 2 of Title 1 of
3 Part 4 of the Penal Code.

4 (B) Disaster procedures, routine and emergency, including
5 adaptations for pupils with disabilities in accordance with the
6 federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec.
7 12101 et seq.). The disaster procedures shall also include, but not
8 be limited to, both of the following:

9 (i) Establishing an earthquake emergency procedure system in
10 every public school building having an occupant capacity of 50
11 or more pupils or more than one classroom. A school district or
12 county office of education may work with the California
13 Emergency Management Agency and the Seismic Safety
14 Commission to develop and establish the earthquake emergency
15 procedure system. The system shall include, but not be limited to,
16 all of the following:

17 (I) A school building disaster plan, ready for implementation
18 at any time, for maintaining the safety and care of pupils and staff.

19 (II) A drop procedure whereby each pupil and staff member
20 takes cover under a table or desk, dropping to his or her knees,
21 with the head protected by the arms, and the back to the windows.
22 A drop procedure practice shall be held at least once each school
23 quarter in elementary schools and at least once a semester in
24 secondary schools.

25 (III) Protective measures to be taken before, during, and
26 following an earthquake.

27 (IV) A program to ensure that pupils and both the certificated
28 and classified staff are aware of, and properly trained in, the
29 earthquake emergency procedure system.

30 (ii) Establishing a procedure to allow a public agency, including
31 the American Red Cross, to use school buildings, grounds, and
32 equipment for mass care and welfare shelters during disasters or
33 other emergencies affecting the public health and welfare. The
34 school district or county office of education shall cooperate with
35 the public agency in furnishing and maintaining the services as
36 the school district or county office of education may deem
37 necessary to meet the needs of the community.

38 (C) Policies pursuant to subdivision (d) of Section 48915 for
39 pupils who committed an act listed in subdivision (c) of Section
40 48915 and other school-designated serious acts which would lead

1 to suspension, expulsion, or mandatory expulsion recommendations
2 pursuant to Article 1 (commencing with Section 48900) of Chapter
3 6 of Part 27 of Division 4 of Title 2.

4 (D) Procedures to notify teachers of dangerous pupils pursuant
5 to Section 49079.

6 (E) A discrimination and harassment policy consistent with the
7 prohibition against discrimination contained in Chapter 2
8 (commencing with Section 200) of Part 1.

9 (F) The provisions of any schoolwide dress code, pursuant to
10 Section 35183, that prohibits pupils from wearing “gang-related
11 apparel,” if the school has adopted that type of a dress code. For
12 those purposes, the comprehensive school safety plan shall define
13 “gang-related apparel.” The definition shall be limited to apparel
14 that, if worn or displayed on a school campus, reasonably could
15 be determined to threaten the health and safety of the school
16 environment. Any schoolwide dress code established pursuant to
17 this section and Section 35183 shall be enforced on the school
18 campus and at any school-sponsored activity by the principal of
19 the school or the person designated by the principal. For purposes
20 of this paragraph, “gang-related apparel” shall not be considered
21 a protected form of speech pursuant to Section 48950.

22 (G) Procedures for safe ingress and egress of pupils, parents,
23 and school employees to and from school.

24 (H) A safe and orderly environment conducive to learning at
25 the school.

26 (I) The rules and procedures on school discipline adopted
27 pursuant to Sections 35291 and 35291.5.

28 (b) It is the intent of the Legislature that schools develop
29 comprehensive school safety plans using existing resources,
30 including the materials and services of the partnership, pursuant
31 to this chapter. It is also the intent of the Legislature that schools
32 use the handbook developed and distributed by the School/Law
33 Enforcement Partnership Program entitled “Safe Schools: A
34 Planning Guide for Action” in conjunction with developing their
35 plan for school safety.

36 (c) Each schoolsite council or school safety planning committee
37 in developing and updating a comprehensive school safety plan
38 shall, where practical, consult, cooperate, and coordinate with
39 other schoolsite councils or school safety planning committees.

1 (d) The comprehensive school safety plan may be evaluated
2 and amended, as needed, by the school safety planning committee,
3 but shall be evaluated at least once a year, to ensure that the
4 comprehensive school safety plan is properly implemented. An
5 updated file of all safety-related plans and materials shall be readily
6 available for inspection by the public.

7 (e) As comprehensive school safety plans are reviewed and
8 updated, the Legislature encourages all plans, to the extent that
9 resources are available, to include policies and procedures aimed
10 at the prevention of bullying.

11 (f) The comprehensive school safety plan, as written and updated
12 by the schoolsite council or school safety planning committee,
13 shall be submitted for approval under subdivision (a) of Section
14 32288.

15 SEC. 71. Section 32285 of the Education Code is repealed.

16 SEC. 72. Section 33127 of the Education Code is amended to
17 read:

18 33127. (a) The Superintendent, the Controller, and the Director
19 of the Department of Finance shall develop, on or before March
20 1, 1989, standards and criteria to be reviewed and adopted by the
21 state board, and to be used by local educational agencies in the
22 development of annual budgets and the management of subsequent
23 expenditures from that budget. During the development of the
24 standards and criteria, the Superintendent shall convene a
25 committee composed of representatives from school districts,
26 county offices of education, state agencies, the Legislature, and
27 appropriate labor and professional organizations. The committee
28 may review and comment on the proposal standards and criteria
29 prior to their adoption. In addition, the standards and criteria shall
30 be used to monitor the fiscal stability of local educational agencies
31 as provided for in Sections 1240.1, 1240.2, 1621, 1623, 33131,
32 42127, and 42127.1.

33 (b) The Superintendent, the Controller, and the Director of the
34 Department of Finance shall update the standards and criteria
35 developed pursuant to subdivision (a) on or before September 1,
36 2005. The updated standards and criteria shall be reviewed and
37 adopted pursuant to the procedure established by subdivision (a)
38 and are applicable to local educational agency budgets commencing
39 with the 2006–07 fiscal year and each fiscal year thereafter.

(c) The Superintendent, the Controller, and the Director of the Department of Finance shall update the standards and criteria developed pursuant to subdivision (a) on or before January 1, 2014. Standards and criteria related to the requirements of Article 3.8 (commencing with Section 52060) of Chapter 6.1 of Part 28 of Title 2 shall be included. The updated standards and criteria shall be reviewed and adopted pursuant to the procedure established by subdivision (a) and are applicable to local educational agency budgets commencing with the 2014–15 fiscal year and each fiscal year thereafter.

(d) After January 1, 2014, to the extent necessary, any revisions or updates to the standards and criteria shall be developed by the Superintendent, the Controller, and the Director of the Department of Finance pursuant the procedures established by subdivision (a). The revisions or updates shall specify the fiscal year in which the revisions or updates are applicable.

SEC. 73. Section 35186 of the Education Code is amended to read:

35186. (a) A school district shall use the uniform complaint process it has adopted as required by Chapter 5.1 (commencing with Section 4600) of Division 1 of Title 5 of the California Code of Regulations, with modifications, as necessary, to help identify and resolve any deficiencies related to instructional materials, emergency or urgent facilities conditions that pose a threat to the health and safety of pupils or staff, and teacher vacancy or misassignment.

(1) A complaint may be filed anonymously. A complainant who identifies himself or herself is entitled to a response if he or she indicates that a response is requested. A complaint form shall include a space to mark to indicate whether a response is requested. If Section 48985 is otherwise applicable, the response, if requested, and report shall be written in English and the primary language in which the complaint was filed. All complaints and responses are public records.

(2) The complaint form shall specify the location for filing a complaint. A complainant may add as much text to explain the complaint as he or she wishes.

(3) Except as provided pursuant to paragraph (4), a complaint shall be filed with the principal of the school or his or her designee. A complaint about problems beyond the authority of the school

1 principal shall be forwarded in a timely manner but not to exceed
2 10 working days to the appropriate school district official for
3 resolution.

4 (b) The principal or the designee of the district superintendent,
5 as applicable, shall make all reasonable efforts to investigate any
6 problem within his or her authority. The principal or designee of
7 the district superintendent shall remedy a valid complaint within
8 a reasonable time period but not to exceed 30 working days from
9 the date the complaint was received. The principal or designee of
10 the district superintendent shall report to the complainant the
11 resolution of the complaint within 45 working days of the initial
12 filing. If the principal makes this report, the principal shall also
13 report the same information in the same timeframe to the designee
14 of the district superintendent.

15 (c) A complainant not satisfied with the resolution of the
16 principal or the designee of the district superintendent has the right
17 to describe the complaint to the governing board of the school
18 district at a regularly scheduled hearing of the governing board of
19 the school district. As to complaints involving a condition of a
20 facility that poses an emergency or urgent threat, as defined in
21 paragraph (1) of subdivision (c) of Section 17592.72, a complainant
22 who is not satisfied with the resolution proffered by the principal
23 or the designee of the district superintendent has the right to file
24 an appeal to the Superintendent, who shall provide a written report
25 to the state board describing the basis for the complaint and, as
26 appropriate, a proposed remedy for the issue described in the
27 complaint.

28 (d) A school district shall report summarized data on the nature
29 and resolution of all complaints on a quarterly basis to the county
30 superintendent of schools and the governing board of the school
31 district. The summaries shall be publicly reported on a quarterly
32 basis at a regularly scheduled meeting of the governing board of
33 the school district. The report shall include the number of
34 complaints by general subject area with the number of resolved
35 and unresolved complaints. The complaints and written responses
36 shall be available as public records.

37 (e) The procedure required pursuant to this section is intended
38 to address all of the following:

39 (1) A complaint related to instructional materials as follows:

1 (A) A pupil, including an English learner, does not have
2 standards-aligned textbooks or instructional materials or
3 state-adopted or district-adopted textbooks or other required
4 instructional material to use in class.

5 (B) A pupil does not have access to instructional materials to
6 use at home or after school.

7 (C) Textbooks or instructional materials are in poor or unusable
8 condition, have missing pages, or are unreadable due to damage.

9 (2) A complaint related to teacher vacancy or misassignment
10 as follows:

11 (A) A semester begins and a teacher vacancy exists.

12 (B) A teacher who lacks credentials or training to teach English
13 learners is assigned to teach a class with more than 20-percent
14 English learner pupils in the class. This subparagraph does not
15 relieve a school district from complying with state or federal law
16 regarding teachers of English learners.

17 (C) A teacher is assigned to teach a class for which the teacher
18 lacks subject matter competency.

19 (3) A complaint related to the condition of facilities that pose
20 an emergency or urgent threat to the health or safety of pupils or
21 staff as defined in paragraph (1) of subdivision (c) of Section
22 17592.72 and any other emergency conditions the school district
23 determines appropriate and the requirements established pursuant
24 to subdivision (a) of Section 35292.5.

25 (f) In order to identify appropriate subjects of complaint, a notice
26 shall be posted in each classroom in each school in the school
27 district notifying parents, guardians, pupils, and teachers of the
28 following:

29 (1) There should be sufficient textbooks and instructional
30 materials. For there to be sufficient textbooks and instructional
31 materials each pupil, including English learners, must have a
32 textbook or instructional materials, or both, to use in class and to
33 take home.

34 (2) School facilities must be clean, safe, and maintained in good
35 repair.

36 (3) There should be no teacher vacancies or misassignments as
37 defined in paragraphs (2) and (3) of subdivision (h).

38 (4) The location at which to obtain a form to file a complaint
39 in case of a shortage. Posting a notice downloadable from the
40 Internet Web site of the department shall satisfy this requirement.

1 (g) A local educational agency shall establish local policies and
2 procedures, post notices, and implement this section on or before
3 January 1, 2005.

4 (h) For purposes of this section, the following definitions apply:

5 (1) "Good repair" has the same meaning as specified in
6 subdivision (d) of Section 17002.

7 (2) "Misassignment" means the placement of a certificated
8 employee in a teaching or services position for which the employee
9 does not hold a legally recognized certificate or credential or the
10 placement of a certificated employee in a teaching or services
11 position that the employee is not otherwise authorized by statute
12 to hold.

13 (3) "Teacher vacancy" means a position to which a single
14 designated certificated employee has not been assigned at the
15 beginning of the year for an entire year or, if the position is for a
16 one-semester course, a position to which a single designated
17 certificated employee has not been assigned at the beginning of a
18 semester for an entire semester.

19 SEC. 74. Section 35292.5 of the Education Code is amended
20 to read:

21 35292.5. (a) Every public and private school maintaining any
22 combination of classes from kindergarten to grade 12, inclusive,
23 shall comply with all of the following:

24 (1) Every restroom shall at all times be maintained and cleaned
25 regularly, fully operational and stocked at all times with toilet
26 paper, soap, and paper towels or functional hand dryers.

27 (2) The school shall keep all restrooms open during school hours
28 when pupils are not in classes, and shall keep a sufficient number
29 of restrooms open during school hours when pupils are in classes.

30 (b) Notwithstanding subdivision (a), a school may temporarily
31 close a restroom as necessary for pupil safety or as necessary to
32 repair the facility.

33 SEC. 75. Article 10.4 (commencing with Section 35294.10)
34 of Chapter 2 of Part 21 of Division 3 of Title 2 of the Education
35 Code is repealed.

36 SEC. 76. Section 35735 of the Education Code is amended to
37 read:

38 35735. (a) Each proposal for the reorganization of school
39 districts shall include a computation of the current and projected
40 local control funding formula allocation pursuant to Section

1 42238.02, as implemented by Section 42238.03, per unit of average
2 daily attendance for the school districts. That computation shall
3 be an integral part of the proposal and shall not be considered
4 separately from the proposal. The computation of the local control
5 funding formula allocation pursuant to Section 42238.02, as
6 implemented by Section 42238.03, for the newly organized school
7 districts shall be based on the current information available for
8 each affected school district for the second principal apportionment
9 period for the fiscal year before the fiscal year in which the
10 reorganization is to become effective, unless subdivision (f) applies,
11 in which case the computation for the newly organized school
12 districts shall be based on the local control funding formula grant
13 pursuant to Section 42238.02, as implemented by Section 42238.03.
14 For purposes of this article “affected school district” means a
15 school district affected by a reorganization because all or a portion
16 of its average daily attendance is to be included in the newly
17 organized school districts.

18 (b) The county superintendent of schools shall compute the
19 local control funding formula allocation pursuant to Section
20 42238.02, as implemented by Section 42238.03, per unit of average
21 daily attendance pursuant to Section 35735.1 for a school district
22 involved in an action to reorganize and in an action to transfer
23 territory.

24 (c) The department shall use information provided pursuant to
25 subdivision (a) by the county superintendent of schools in each
26 county that has a school district affected by an action to unify or
27 by an appeal of a transfer of territory to compute the local control
28 funding formula allocation pursuant to Section 42238.02, as
29 implemented by Section 42238.03, per unit of average daily
30 attendance for a newly organized school district pursuant to Section
31 35735.1.

32 (d) This section shall only apply to any reorganization proposal
33 approved by the state board subsequent to July 1, 2013.

34 (e) Any costs incurred by the county superintendent of schools
35 in preparing reports pursuant to this section may be billed to the
36 affected school districts on a proportionate basis.

37 (f) Upon a determination that all school districts or charter
38 schools equal or exceed the local control funding formula target
39 computed pursuant to Section 42238.02 as determined by the
40 calculation of a zero difference pursuant to paragraph (1) of

subdivision (b) of Section 42238.03 for all school districts and charter schools, a reorganizing school district shall compute a per unit of average daily attendance funding level pursuant to the local control funding formula pursuant to Section 42238.02.

SEC. 77. Section 35735.1 of the Education Code is amended to read:

35735.1. (a) The local control funding formula allocation per unit of average daily attendance for newly organized school districts shall be equal to the total of the amount of the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance of the affected school districts computed pursuant to paragraph (1). The following computations shall be made to determine the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance for the newly organized school districts:

(1) Perform the following computation to arrive at the blended local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03:

(A) Based on the current information available for each affected school district for the second principal apportionment period for the fiscal year before the fiscal year in which the reorganization is to become effective, multiply the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance for that school district by the number of units of average daily attendance for that school district that the county superintendent of schools determines will be included in the proposed school district.

(B) Add the amounts calculated pursuant to subparagraph (A) and divide that sum by the number of units of average daily attendance in the newly organized school districts.

(b) The amount determined pursuant to subdivision (a) shall be the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance for the newly organized school districts.

(c) The average daily attendance of a newly organized school district, for purposes of Sections 42238.02 and 42238.03, shall be the average daily attendance that is attributable to the area

1 reorganized for the fiscal year before the fiscal year in which the
2 new school district becomes effective for all purposes.

3 (d) Notwithstanding this section, commencing with the 2013–14
4 fiscal year, a newly reorganized school district shall receive
5 state-aid funding pursuant to paragraph (3) of subdivision (b) of
6 Section 42238.03 of at least the total combined funding amount
7 received by each school district pursuant to paragraphs (1) and (2)
8 of subdivision (a) of Section 42238.03 for the fiscal year before
9 the fiscal year in which the new school district becomes effective
10 for all purposes.

11 (e) Notwithstanding any other law, this section shall not be
12 subject to waiver by the state board pursuant to Section 33050 or
13 by the Superintendent.

14 (f) Upon a determination that all school districts or charter
15 schools equal or exceed the local control funding formula target
16 computed pursuant to Section 42238.02 as determined by the
17 calculation of a zero difference pursuant to paragraph (1) of
18 subdivision (b) of Section 42238.03, for all school districts and
19 charter schools, this section shall not apply and the newly
20 reorganized school district shall receive an allocation equal to the
21 amount calculated under Section 42238.02 in that fiscal year and
22 future fiscal years.

23 SEC. 78. Section 35735.2 of the Education Code is repealed.

24 SEC. 79. Section 35735.3 of the Education Code is repealed.

25 SEC. 80. Section 35735.4 of the Education Code is repealed.

26 SEC. 81. Section 35736 of the Education Code is amended to
27 read:

28 35736. Plans and recommendations may include a proposal
29 for dividing the property, other than real property, and obligations
30 of any school district proposed to be divided between two or more
31 school districts, or proposed to be partially included in one or more
32 school districts. As used in this section, “property” includes funds,
33 cash on hand, and moneys due but uncollected on the date
34 reorganization becomes effective for all purposes, and state
35 apportionments based on average daily attendance earned in the
36 year immediately preceding the date reorganization becomes
37 effective for all purposes. In providing for this division, the plans
38 and recommendations may consider the assessed valuation of each
39 portion of the school district, the local control funding formula
40 allocation pursuant to Section 42238.02, as implemented by Section

1 42238.03, per pupil in each school district, the number of children
2 of school age residing in each portion of the school district, the
3 value and location of the school property, and such other matters
4 as may be deemed pertinent and equitable. Any such proposal shall
5 be an integral part of the proposal and not a separate proposition.

6 SEC. 82. Section 35736.5 is added to the Education Code, to
7 read:

8 35736.5. Sections 35735 to 35736, inclusive, shall only apply
9 to school district reorganizations undertaken after July 1, 2013.
10 Reorganizations occurring before July 1, 2013, shall occur pursuant
11 to Sections 35735 to 35736, inclusive, as those sections read on
12 January 1, 2013.

13 SEC. 83. Article 4 (commencing with Section 37252) of
14 Chapter 2 of Part 22 of Division 3 of Title 2 of the Education Code
15 is repealed.

16 SEC. 84. Chapter 2.5 (commencing with Section 37300) of
17 Part 22 of Division 3 of Title 2 of the Education Code is repealed.

18 SEC. 85. Section 37700 of the Education Code is amended to
19 read:

20 37700. (a) Notwithstanding any other law, the Pacific Unified
21 School District, the Leggett Valley Unified School District, and
22 the Reeds Creek Elementary School District may operate one or
23 more schools in their respective districts on a four-day school
24 week, if the district complies with the instructional time
25 requirements specified in Section 37701 and the other requirements
26 of this chapter.

27 (b) If a school district operates one or more schools on a
28 four-day week pursuant to this section and the program for the
29 school year provides less than the 180 days of instruction required
30 under Section 46200, as it read on January 1, 2013, the
31 Superintendent shall reduce the local control funding formula
32 allocation pursuant to Section 42238.02, as implemented pursuant
33 to Section 42238.03, per unit of average daily attendance for that
34 fiscal year by the amount the school district would have received
35 for the increase received pursuant to subdivision (a) of Section
36 46200, as it read on January 1, 2013, as adjusted in fiscal years
37 subsequent to the 1984–85 fiscal year. If a school district operates
38 one or more schools on a four-day school week pursuant to this
39 section and the program provides less than the minimum
40 instructional minutes required under Section 46201, as it read on

1 January 1, 2013, the Superintendent shall reduce the local control
2 funding formula allocation pursuant to Section 42238.02, as
3 implemented pursuant to Section 42238.03, per unit of average
4 daily attendance for that fiscal year in which the reduction occurs
5 by the amount the school district would have received for the
6 increase in the 1987–88 fiscal year base revenue limit per unit of
7 average daily attendance pursuant to paragraph (6) of subdivision
8 (b) of Section 42238, as it read on June 30, 2013, as adjusted from
9 the 1987–88 fiscal year to the 2012–13 fiscal year, inclusive, and,
10 commencing with the 2013–14 fiscal year, pursuant to the local
11 control funding formula allocation pursuant to Section 42238.02,
12 as implemented pursuant to Section 42238.03, per unit of average
13 daily attendance.

14 (c) A school district with an exclusive bargaining representative
15 may operate a school on a four-day school week pursuant to this
16 section only if the school district and the representative of each
17 bargaining unit of school district employees mutually agree to that
18 operation in a memorandum of understanding.

19 (d) Notwithstanding this section, upon a determination that a
20 school district identified in subdivision (a) equals or exceeds its
21 local control funding formula target computed pursuant to Section
22 42238.02 as determined by the calculation of a zero difference
23 pursuant to paragraph (1) of subdivision (b) of Section 42238.03,
24 the school district, as a condition of apportionment pursuant to
25 Section 42238.02, as implemented pursuant to Section 42238.03,
26 shall offer 180 days or more of instruction per school year, and
27 meet the minimum minute requirements pursuant to paragraph (1)
28 of subdivision (a) of Section 46207.

29 SEC. 86. Section 37710.3 of the Education Code is amended
30 to read:

31 37710.3. (a) Beginning in the 2010–11 fiscal year, the Alpaugh
32 Unified School District may operate one or more schools in the
33 school district on a four-day school week if the district complies
34 with the instructional time requirements in Section 37701 and the
35 other requirements of this chapter. The state board may waive
36 five-consecutive-day operating requirements for any of the
37 following programs that operate on a four-day school week
38 pursuant to this section, provided that the district meets the
39 minimum time requirement for each program:

40 (1) Preschools.

- 1 (2) Before and after school programs.
- 2 (3) Independent study programs.
- 3 (4) Child nutrition and food service programs.
- 4 (5) Community day schools.
- 5 (6) Regional occupational centers or programs.
- 6 (7) Continuation high schools.

7 (b) If the school district operates one or more schools on a
8 four-day school week pursuant to this section, and the program
9 for the school year provides fewer than the 180 days of instruction
10 required under Section 46200, as it read on January 1, 2013, the
11 Superintendent shall reduce the local control funding formula
12 allocation pursuant to Section 42238.02, as implemented pursuant
13 to Section 42238.03, per unit of average daily attendance for that
14 fiscal year by the amount the school district would have received
15 for the increase received pursuant to subdivision (a) of Section
16 46200, as it read on January 1, 2013, as adjusted in fiscal years
17 subsequent to the 1984–85 fiscal year. If the school district operates
18 one or more schools on a four-day school week pursuant to this
19 section, and the program provides fewer than the minimum
20 instructional minutes required under Section 46201, as it read on
21 January 1, 2013, the Superintendent shall reduce the local control
22 funding formula allocation pursuant to Section 42238.02, as
23 implemented pursuant to Section 42238.03, per unit of average
24 daily attendance for that fiscal year in which the reduction occurs
25 by the amount the school district would have received for the
26 increase in the base revenue limit per unit of average daily
27 attendance pursuant to subdivision (a) of Section 46201, as it read
28 on January 1, 2013, as adjusted from the 1987–88 fiscal year to
29 the 2012–13 fiscal year, inclusive, and, commencing with the
30 2013–14 fiscal year, pursuant to the local control funding formula
31 allocation pursuant to Section 42238.02, as implemented pursuant
32 to Section 42238.03, per unit of average daily attendance.

33 (c) Notwithstanding Section 37710, if a small school having
34 between 11 and 99 valid Standardized Testing and Reporting
35 Program test scores operating on a four-day school week fails to
36 achieve its Academic Performance Index growth target pursuant
37 to Section 52052 for two consecutive years, the authority of that
38 school to operate on a four-day school week shall be permanently
39 revoked commencing with the school year following the second

1 consecutive year the school failed to achieve its Academic
2 Performance Index growth rate.

3 (d) If the school district operates one or more schools on a
4 four-day school week pursuant to this section, the school district
5 shall submit a report to the department, the Senate Committee on
6 Education, and the Assembly Committee on Education on or before
7 January 15, 2015. The report shall include, but not necessarily be
8 limited to, information on all of the following:

9 (1) Programs the district offered on the fifth schoolday and their
10 participation rates.

11 (2) Whether the four-day school week schedule resulted in any
12 fiscal savings.

13 (3) Impact on overall attendance of the schools operating a
14 four-day school week.

15 (4) Programs for which the state board waived minimum time
16 and five-consecutive-day requirements and the operational and
17 educational effects of the programs if they operated at less time
18 than required.

19 (5) The impact of the four-day school week on crime statistics,
20 especially on the day on which school would otherwise be in
21 session.

22 (6) Information on the Academic Performance Index, pursuant
23 to Section 52052, for every year a school in the district operated
24 on a four-day school week. The information shall include, but not
25 necessarily be limited to, the base and growth Academic
26 Performance Index of each school that operated on a four-day
27 school week and whether that school met the Academic
28 Performance growth targets.

29 (e) Notwithstanding this section, upon a determination that a
30 school district identified in subdivision (a) equals or exceeds its
31 local control funding formula target computed pursuant to Section
32 42238.02 as determined by the calculation of a zero difference
33 pursuant to paragraph (1) of subdivision (b) of Section 42238.03,
34 the school district, as a condition of apportionment pursuant to
35 Section 42238.02, as implemented pursuant to Section 42238.03,
36 shall offer 180 days or more of instruction per school year, and
37 meet the minimum minute requirements pursuant to paragraph (1)
38 of subdivision (a) of Section 46207.

1 (f) This section shall remain in effect only until January 1, 2016,
2 and as of that date is repealed, unless a later enacted statute, that
3 is enacted before January 1, 2016, deletes or extends that date.

4 SEC. 87. Section 37710.5 of the Education Code is amended
5 to read:

6 37710.5. (a) Beginning in the 2009–10 fiscal year, the Potter
7 Valley Community Unified School District may operate one or
8 more schools in the school district on a four-day school week if
9 the school district complies with the instructional time requirements
10 specified in Section 37701 and the other requirements of this
11 chapter. The state board may waive five-consecutive-day operating
12 requirements for any of the following programs that operate on a
13 four-day week pursuant to this section, provided that the school
14 district meets the minimum time requirement for each program:

- 15 (1) Preschools.
- 16 (2) Before and after school programs.
- 17 (3) Independent study programs.
- 18 (4) Child nutrition and food service programs.
- 19 (5) Community day schools.
- 20 (6) Regional occupational centers or programs.
- 21 (7) Continuation high schools.

22 (b) If the school district operates one or more schools on a
23 four-day week pursuant to this section, and the program for the
24 school year provides fewer than the 180 days of instruction required
25 under Section 46200, as it read on January 1, 2013, the
26 Superintendent shall reduce the local control funding formula
27 allocation pursuant to Section 42238.02, as implemented pursuant
28 to Section 42238.03, per unit of average daily attendance for that
29 fiscal year by the amount the school district would have received
30 for the increase received pursuant to subdivision (a) of Section
31 46200, as it read on January 1, 2013, as adjusted in fiscal years
32 subsequent to the 1984–85 fiscal year. If the school district operates
33 one or more schools on a four-day school week pursuant to this
34 section, and the program provides fewer than the minimum
35 instructional minutes required under Section 46201, as it read on
36 January 1, 2013, the Superintendent shall reduce the local control
37 funding formula allocation pursuant to Section 42238.02, as
38 implemented pursuant to Section 42238.03, per unit of average
39 daily attendance for that fiscal year in which the reduction occurs
40 by the amount the school district would have received for the

1 increase in the base revenue limit per unit of average daily
2 attendance pursuant to subdivision (a) of Section 46201, as it read
3 on January 1, 2013, as adjusted from the 1987–88 fiscal year to
4 the 2012–13 fiscal year, inclusive, and, commencing with the
5 2013–14 fiscal year, pursuant to Section 42238.02, as implemented
6 pursuant to Section 42238.03, per unit of average daily attendance.

7 (c) If the school district operates one or more schools on a
8 four-day school week pursuant to this section, the school district
9 shall submit a report to the department, the Senate Committee on
10 Education and the Assembly Committee on Education on January
11 15, 2014. The report shall include, but not necessarily be limited
12 to, information on the following:

13 (1) Programs the district offered on the fifth day and their
14 participation rates.

15 (2) Whether the four-day school week schedule resulted in any
16 fiscal savings.

17 (3) Impact on overall attendance of the schools operating a
18 four-day school week.

19 (4) Programs for which the Superintendent waived minimum
20 time and five-consecutive-day requirements and the operational
21 and educational effect of the programs if they operated at less time
22 than required.

23 (d) Notwithstanding this section, upon a determination that a
24 school district identified in subdivision (a) equals or exceeds its
25 local control funding formula target computed pursuant to Section
26 42238.02 as determined by the calculation of a zero difference
27 pursuant to paragraph (1) of subdivision (b) of Section 42238.03,
28 the school district, as a condition of apportionment pursuant to
29 Section 42238.02, as implemented pursuant to Section 42238.03,
30 shall offer 180 days or more of instruction per school year, and
31 meet the minimum minute requirements pursuant to paragraph (1)
32 of subdivision (a) of Section 46207.

33 (e) This section shall remain in effect only until January 1, 2015,
34 and as of that date is repealed, unless a later enacted statute, that
35 is enacted before January 1, 2015, deletes or extends that date.

36 SEC. 88. Section 38101 of the Education Code is amended to
37 read:

38 38101. (a) The governing board of a school district may
39 authorize expenditures from the cafeteria fund or cafeteria account

1 only for those charges from that fund or account that are defined
2 in the California School Accounting Manual.

3 (b) A food service program shall not be charged more than once
4 for expenditures for the same service. If a food service program
5 is being charged for a service as a direct cost, the school district
6 shall not also allocate that cost as a direct support cost or indirect
7 cost.

8 (c) For purposes of this section, an “indirect cost” shall be
9 limited to the lesser of the school district’s prior year indirect cost
10 rate as approved by the department or the statewide average
11 approved indirect cost for the second prior fiscal year.

12 (d) Charges to, or transfers from, a food service program shall
13 indicate when the charge or transfer was made and shall be
14 accompanied by a written explanation of the purpose of, and basis
15 for, the expenditure.

16 (e) This section does not authorize a school district to charge a
17 food service program any charges prohibited by state or federal
18 law or regulation.

19 (f) If the department and the Department of Finance concur that
20 a school district has violated this section, the Superintendent shall
21 direct that school district to transfer double the amount improperly
22 transferred to the general fund of the school district from that fund
23 to the cafeteria fund of the school district or cafeteria account for
24 the subsequent fiscal year which is then to be used for the
25 improvement of the food service program of the school district. If
26 the school district fails to make that transfer as directed, the
27 Superintendent shall reduce the regular apportionment of the school
28 district determined pursuant to Section 42238, as it read on January
29 1, 2013, or the local control funding formula allocation pursuant
30 to Section 42238.02, as implemented pursuant to Section 42238.03,
31 and increase the child nutrition allowance of the school district
32 determined pursuant to Section 41350 by double the amount
33 improperly transferred to the general fund of the school district
34 and that amount is then to be used for improvement of the food
35 service program.

36 (g) It is the intent of the Legislature in enacting this section that
37 responsible school district officials be held fully accountable for
38 the accounting and reporting of food service programs and that
39 minor and inadvertent instances of noncompliance be resolved in

1 a fair and equitable manner to the satisfaction of the Superintendent
2 and the Department of Finance.

3 (h) The Superintendent, with the approval of the Department
4 of Finance, may waive up to the full transfer amount in subdivision
5 (f) if he or she determines that the noncompliance involved is
6 minor or inadvertent, or both.

7 SEC. 89. Section 39809.5 of the Education Code is repealed.

8 SEC. 90. Article 2 (commencing with Section 39820) of
9 Chapter 1 of Part 23.5 of Division 3 of Title 2 of the Education
10 Code is repealed.

11 SEC. 91. Section 41003.3 of the Education Code is amended
12 to read:

13 41003.3. (a) Consistent with the provisions of Article 4
14 (commencing with Section 17455) of Chapter 4 of Part 10.5 of
15 Division 1 of Title 1, from July 1, 2008, to June 30, 2010, inclusive,
16 the Dixon Unified School District may sell surplus real property
17 previously used as the school farm on Sievers Road, located five
18 miles outside of the city and which is not feasible for future school
19 construction, together with any personal property located thereon,
20 purchased entirely with local funds. The proceeds of the sale shall
21 be deposited into the general fund of the school district in order
22 to reestablish a 3-percent reserve. The remainder of the proceeds
23 from the sale of the property that are not utilized to reestablish the
24 3-percent reserve shall be deposited into the capital outlay fund
25 of the school district.

26 (b) In order to expend funds pursuant to subdivision (a), the
27 school district shall meet all of the following conditions:

28 (1) The school district shall not be eligible for new construction
29 funding for 10 years from the date that funds are deposited into
30 the general fund of the school district pursuant to subdivision (a),
31 except that the school district may apply for new construction
32 funds if both of the following conditions are met:

33 (A) At least five years have elapsed since the date upon which
34 the sale was executed pursuant to subdivision (a).

35 (B) The State Allocation Board determines that the school
36 district has demonstrated enrollment growth or a need for additional
37 sites or building construction that the school district could not have
38 easily anticipated at the time the sale was executed pursuant to
39 subdivision (a).

1 (2) The governing board of the school district shall complete a
2 governance training program focusing on fiscal management
3 provided by the County Office Fiscal Crisis and Management
4 Assistance Team (FCMAT).

5 (3) Any remaining funds from the sale of the property shall be
6 exhausted for capital outlay purposes before a request for
7 modernization funding.

8 (4) Notwithstanding any other provision of law, the Dixon
9 Unified School District, from July 1, 2008, to June 30, 2010,
10 inclusive, shall not be eligible to receive financial hardship
11 assistance pursuant to Article 8 (commencing with Section
12 17075.10) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

13 (5) The governing board of the school district shall certify all
14 of the following to the State Allocation Board:

15 (A) The school district has no major deferred maintenance
16 requirements that cannot be completed with existing capital outlay
17 resources.

18 (B) The sale of the real property pursuant to this section does
19 not violate any provisions of a local general obligation bond act.

20 (C) The real property sold pursuant to this section is not suitable
21 to meet any projected school construction need for the next 10
22 years.

23 (6) Before exercising the authority granted by this section, the
24 governing board of the school district, at a regularly scheduled
25 meeting, shall present a plan for expending one-time resources
26 pursuant to this section. The plan shall identify the source and use
27 of the funds, and describe how the proposed use of funds, in
28 combination with budget reductions, will address the school
29 district's deficit spending and restore the ongoing fiscal solvency
30 of the school district.

31 (7) No later than 10 years after the date of the sale of surplus
32 property pursuant to subdivision (a), the school district shall deposit
33 into its capital outlay fund an amount equal to the amount of the
34 proceeds from the sale of the property that is deposited into the
35 school district's general fund as needed to establish the 3-percent
36 reserve in accordance with subdivision (a).

37 (c) This section shall remain in effect only until January 1, 2021,
38 and as of that date is repealed, unless a later enacted statute, that
39 is enacted before January 1, 2021, deletes or extends that date.

1 SEC. 92. Section 41012 of the Education Code is amended to
2 read:

3 41012. For purposes of determining apportionments pursuant
4 to Chapter 5 (commencing with Section 56500) and Chapter 6
5 (commencing with Section 56600) of Part 30 of Division 4, the
6 Superintendent shall require the use of a uniform cost accounting
7 procedure, as set forth in the California School Accounting Manual.

8 SEC. 93. Section 41020 of the Education Code is amended to
9 read:

10 41020. (a) It is the intent of the Legislature to encourage sound
11 fiscal management practices among local educational agencies for
12 the most efficient and effective use of public funds for the
13 education of children in California by strengthening fiscal
14 accountability at the school district, county, and state levels.

15 (b) (1) Not later than the first day of May of each fiscal year,
16 each county superintendent of schools shall provide for an audit
17 of all funds under his or her jurisdiction and control and the
18 governing board of each local educational agency shall either
19 provide for an audit of the books and accounts of the local
20 educational agency, including an audit of income and expenditures
21 by source of funds, or make arrangements with the county
22 superintendent of schools having jurisdiction over the local
23 educational agency to provide for that auditing.

24 (2) A contract to perform the audit of a local educational agency
25 that has a disapproved budget or has received a negative
26 certification on any budget or interim financial report during the
27 current fiscal year or either of the two preceding fiscal years, or
28 for which the county superintendent of schools has otherwise
29 determined that a lack of going concern exists, is not valid unless
30 approved by the responsible county superintendent of schools and
31 the governing board.

32 (3) If the governing board of a local educational agency has not
33 provided for an audit of the books and accounts of the local
34 educational agency by April 1, the county superintendent of schools
35 having jurisdiction over the local educational agency shall provide
36 for the audit of each local educational agency.

37 (4) An audit conducted pursuant to this section shall comply
38 fully with the Government Auditing Standards issued by the
39 Comptroller General of the United States.

1 (5) For purposes of this section, “local educational agency” does
2 not include community colleges.

3 (c) Each audit conducted in accordance with this section shall
4 include all funds of the local educational agency, including the
5 student body and cafeteria funds and accounts and any other funds
6 under the control or jurisdiction of the local educational agency.
7 Each audit shall also include an audit of pupil attendance
8 procedures. Each audit shall include a determination of whether
9 funds were expended in accordance with a local control and
10 accountability plan pursuant to Article 3.8 (commencing with
11 Section 52060) of Chapter 6.1 of Part 28 of Division 3.

12 (d) All audit reports for each fiscal year shall be developed and
13 reported using a format established by the Controller after
14 consultation with the Superintendent and the Director of Finance.

15 (e) (1) The cost of the audits provided for by the county
16 superintendent of schools shall be paid from the county school
17 service fund and the county superintendent of schools shall transfer
18 the pro rata share of the cost chargeable to each school district
19 from school district funds.

20 (2) The cost of the audit provided for by a governing board shall
21 be paid from local educational agency funds. The audit of the funds
22 under the jurisdiction and control of the county superintendent of
23 schools shall be paid from the county school service fund.

24 (f) (1) The audits shall be made by a certified public accountant
25 or a public accountant, licensed by the California Board of
26 Accountancy, and selected by the local educational agency, as
27 applicable, from a directory of certified public accountants and
28 public accountants deemed by the Controller as qualified to conduct
29 audits of local educational agencies, which shall be published by
30 the Controller not later than December 31 of each year.

31 (2) Commencing with the 2003–04 fiscal year and except as
32 provided in subdivision (d) of Section 41320.1, it is unlawful for
33 a public accounting firm to provide audit services to a local
34 educational agency if the lead audit partner, or coordinating audit
35 partner, having primary responsibility for the audit, or the audit
36 partner responsible for reviewing the audit, has performed audit
37 services for that local educational agency in each of the six previous
38 fiscal years. The Education Audits Appeal Panel may waive this
39 requirement if the panel finds that no otherwise eligible auditor is
40 available to perform the audit.

(3) It is the intent of the Legislature that, notwithstanding paragraph (2), the rotation within public accounting firms conform to provisions of the federal Sarbanes-Oxley Act of 2002 (Public Law 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of the report required by the act of the Comptroller General of the United States addressing the mandatory rotation of registered public accounting firms, the Legislature intends to reconsider the provisions of paragraph (2). In determining which certified public accountants and public accountants shall be included in the directory, the Controller shall use the following criteria:

(A) The certified public accountants or public accountants shall be in good standing as certified by the Board of Accountancy.

(B) The certified public accountants or public accountants, as a result of a quality control review conducted by the Controller pursuant to Section 14504.2, shall not have been found to have conducted an audit in a manner constituting noncompliance with subdivision (a) of Section 14503.

(g) (1) The auditor's report shall include each of the following:

(A) A statement that the audit was conducted pursuant to standards and procedures developed in accordance with Chapter 3 (commencing with Section 14500) of Part 9 of Division 1 of Title 1.

(B) A summary of audit exceptions and management improvement recommendations.

(C) Each audit of a local educational agency shall include an evaluation by the auditor on whether there is substantial doubt about the ability of the local educational agency to continue as a going concern for a reasonable period of time. This evaluation shall be based on the Statement on Auditing Standards (SAS) No. 59, as issued by the AICPA regarding disclosure requirements relating to the ability of the entity to continue as a going concern.

(2) To the extent possible, a description of correction or plan of correction shall be incorporated in the audit report, describing the specific actions that are planned to be taken, or that have been taken, to correct the problem identified by the auditor. The descriptions of specific actions to be taken or that have been taken shall not solely consist of general comments such as "will implement," "accepted the recommendation," or "will discuss at a later date."

1 (h) Not later than December 15, a report of each local
2 educational agency audit for the preceding fiscal year shall be filed
3 with the county superintendent of schools of the county in which
4 the local educational agency is located, the department, and the
5 Controller. The Superintendent shall make any adjustments
6 necessary in future apportionments of all state funds, to correct
7 any audit exceptions revealed by those audit reports.

8 (i) (1) Commencing with the 2002–03 audit of local educational
9 agencies pursuant to this section and subdivision (d) of Section
10 41320.1, each county superintendent of schools shall be responsible
11 for reviewing the audit exceptions contained in an audit of a local
12 educational agency under his or her jurisdiction related to
13 attendance, inventory of equipment, internal control, and any
14 miscellaneous items, and determining whether the exceptions have
15 been either corrected or an acceptable plan of correction has been
16 developed.

17 (2) Commencing with the 2004–05 audit of local educational
18 agencies pursuant to this section and subdivision (d) of Section
19 41320.1, each county superintendent of schools shall include in
20 the review of audit exceptions performed pursuant to this
21 subdivision those audit exceptions related to use of instructional
22 materials program funds, teacher misassignments pursuant to
23 Section 44258.9, information reported on the school accountability
24 report card required pursuant to Section 33126 and shall determine
25 whether the exceptions are either corrected or an acceptable plan
26 of correction has been developed.

27 (j) Upon submission of the final audit report to the governing
28 board of each local educational agency and subsequent receipt of
29 the audit by the county superintendent of schools having
30 jurisdiction over the local educational agency, the county office
31 of education shall do all of the following:

32 (1) Review audit exceptions related to attendance, inventory of
33 equipment, internal control, and other miscellaneous exceptions.
34 Attendance exceptions or issues shall include, but not be limited
35 to, those related to local control funding formula allocations
36 pursuant to Section 42238.02, as implemented by Section 42238.03,
37 and independent study.

38 (2) If a description of the correction or plan of correction has
39 not been provided as part of the audit required by this section, then
40 the county superintendent of schools shall notify the local

1 educational agency and request the governing board of the local
2 educational agency to provide to the county superintendent of
3 schools a description of the corrections or plan of correction by
4 March 15.

5 (3) Review the description of correction or plan of correction
6 and determine its adequacy. If the description of the correction or
7 plan of correction is not adequate, the county superintendent of
8 schools shall require the local educational agency to resubmit that
9 portion of its response that is inadequate.

10 (k) Each county superintendent of schools shall certify to the
11 Superintendent and the Controller, not later than May 15, that his
12 or her staff has reviewed all audits of local educational agencies
13 under his or her jurisdiction for the prior fiscal year, that all
14 exceptions that the county superintendent was required to review
15 were reviewed, and that all of those exceptions, except as otherwise
16 noted in the certification, have been corrected by the local
17 educational agency or that an acceptable plan of correction has
18 been submitted to the county superintendent of schools. In addition,
19 the county superintendent shall identify, by local educational
20 agency, any attendance-related audit exception or exceptions
21 involving state funds, and require the local educational agency to
22 which the audit exceptions were directed to submit appropriate
23 reporting forms for processing by the Superintendent.

24 (l) In the audit of a local educational agency for a subsequent
25 year, the auditor shall review the correction or plan or plans of
26 correction submitted by the local educational agency to determine
27 if the exceptions have been resolved. If not, the auditor shall
28 immediately notify the appropriate county office of education and
29 the department and restate the exception in the audit report. After
30 receiving that notification, the department shall either consult with
31 the local educational agency to resolve the exception or require
32 the county superintendent of schools to follow up with the local
33 educational agency.

34 (m) (1) The Superintendent shall be responsible for ensuring
35 that local educational agencies have either corrected or developed
36 plans of correction for any one or more of the following:

37 (A) All federal and state compliance audit exceptions identified
38 in the audit.

39 (B) Any exceptions that the county superintendent certifies as
40 of May 15 have not been corrected.

1 (C) Any repeat audit exceptions that are not assigned to a county
2 superintendent to correct.

3 (2) In addition, the Superintendent shall be responsible for
4 ensuring that county superintendents of schools and each county
5 board of education that serves as the governing board of a local
6 educational agency either correct all audit exceptions identified in
7 the audits of county superintendents of schools and of the local
8 educational agencies for which the county boards of education
9 serve as the governing boards or develop acceptable plans of
10 correction for those exceptions.

11 (3) The Superintendent shall report annually to the Controller
12 on his or her actions to ensure that school districts, county
13 superintendents of schools, and each county board of education
14 that serves as the governing board of a school district have either
15 corrected or developed plans of correction for any of the exceptions
16 noted pursuant to paragraph (1).

17 (n) To facilitate correction of the exceptions identified by the
18 audits issued pursuant to this section, commencing with 2002–03
19 audits pursuant to this section, the Controller shall require auditors
20 to categorize audit exceptions in each audit report in a manner that
21 will make it clear to both the county superintendent of schools and
22 the Superintendent which exceptions they are responsible for
23 ensuring the correction of by a local educational agency. In
24 addition, the Controller annually shall select a sampling of county
25 superintendents of schools and perform a followup of the audit
26 resolution process of those county superintendents of schools and
27 report the results of that followup to the Superintendent and the
28 county superintendents of schools that were reviewed.

29 (o) County superintendents of schools shall adjust subsequent
30 local property tax requirements to correct audit exceptions relating
31 to local educational agency tax rates and tax revenues.

32 (p) If a governing board or county superintendent of schools
33 fails or is unable to make satisfactory arrangements for the audit
34 pursuant to this section, the Controller shall make arrangements
35 for the audit and the cost of the audit shall be paid from local
36 educational agency funds or the county school service fund, as the
37 case may be.

38 (q) This section does not authorize examination of, or reports
39 on, the curriculum used or provided for in any local educational
40 agency.

(r) Notwithstanding any other law, a nonauditing, management, or other consulting service to be provided to a local educational agency by a certified public accounting firm while the certified public accounting firm is performing an audit of the agency pursuant to this section must be in accord with Government Accounting Standards, Amendment No. 3, as published by the United States General Accounting Office.

SEC. 94. Section 41202 of the Education Code is amended to read:

41202. The words and phrases set forth in subdivision (b) of Section 8 of Article XVI of the Constitution of the State of California shall have the following meanings:

(a) “Moneys to be applied by the State,” as used in subdivision (b) of Section 8 of Article XVI of the California Constitution, means appropriations from the General Fund that are made for allocation to school districts, as defined, or community college districts. An appropriation that is withheld, impounded, or made without provisions for its allocation to school districts or community college districts, shall not be considered to be “moneys to be applied by the State.”

(b) “General Fund revenues which may be appropriated pursuant to Article XIII B,” as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI, means General Fund revenues that are the proceeds of taxes as defined by subdivision (c) of Section 8 of Article XIII B of the California Constitution, including, for the 1986–87 fiscal year only, any revenues that are determined to be in excess of the appropriations limit established pursuant to Article XIII B for the fiscal year in which they are received. General Fund revenues for a fiscal year to which paragraph (1) of subdivision (b) is being applied shall include, in that computation, only General Fund revenues for that fiscal year that are the proceeds of taxes, as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution, and shall not include prior fiscal year revenues. Commencing with the 1995–96 fiscal year, and each fiscal year thereafter, “General Fund revenues that are the proceeds of taxes,” as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution, includes any portion of the proceeds of taxes received from the state sales tax that are transferred to the counties pursuant to, and only if, legislation is enacted during the 1995–96 fiscal year the purpose of which is to

1 realign children's programs. The amount of the proceeds of taxes
2 shall be computed for any fiscal year in a manner consistent with
3 the manner in which the amount of the proceeds of taxes was
4 computed by the Department of Finance for purposes of the
5 Governor's Budget for the Budget Act of 1986.

6 (c) "General Fund revenues appropriated for school districts,"
7 as used in paragraph (1) of subdivision (b) of Section 8 of Article
8 XVI of the California Constitution, means the sum of
9 appropriations made that are for allocation to school districts, as
10 defined in Section 41302.5, regardless of whether those
11 appropriations were made from the General Fund to the
12 Superintendent, to the Controller, or to any other fund or state
13 agency for the purpose of allocation to school districts. The full
14 amount of any appropriation shall be included in the calculation
15 of the percentage required by paragraph (1) of subdivision (b) of
16 Article XVI, without regard to any unexpended balance of any
17 appropriation. Any reappropriation of funds appropriated in any
18 prior year shall not be included in the sum of appropriations.

19 (d) "General Fund revenues appropriated for community college
20 districts," as used in paragraph (1) of subdivision (b) of Section 8
21 of Article XVI of the California Constitution, means the sum of
22 appropriations made that are for allocation to community college
23 districts, regardless of whether those appropriations were made
24 from the General Fund to the Controller, to the Chancellor of the
25 California Community Colleges, or to any other fund or state
26 agency for the purpose of allocation to community college districts.
27 The full amount of any appropriation shall be included in the
28 calculation of the percentage required by paragraph (1) of
29 subdivision (b) of Article XVI, without regard to any unexpended
30 balance of any appropriation. Any reappropriation of funds
31 appropriated in any prior year shall not be included in the sum of
32 appropriations.

33 (e) "Total allocations to school districts and community college
34 districts from General Fund proceeds of taxes appropriated pursuant
35 to Article XIII B," as used in paragraph (2) or (3) of subdivision
36 (b) of Section 8 of Article XVI of the California Constitution,
37 means the sum of appropriations made that are for allocation to
38 school districts, as defined in Section 41302.5, and community
39 college districts, regardless of whether those appropriations were
40 made from the General Fund to the Controller, to the

1 Superintendent, to the Chancellor of the California Community
2 Colleges, or to any other fund or state agency for the purpose of
3 allocation to school districts and community college districts. The
4 full amount of any appropriation shall be included in the calculation
5 of the percentage required by paragraph (2) or (3) of subdivision
6 (b) of Section 8 of Article XVI, without regard to any unexpended
7 balance of any appropriation. Any reappropriation of funds
8 appropriated in any prior year shall not be included in the sum of
9 appropriations.

10 (f) “General Fund revenues appropriated for school districts
11 and community college districts, respectively” and “moneys to be
12 applied by the state for the support of school districts and
13 community college districts,” as used in Section 8 of Article XVI
14 of the California Constitution, shall include funds appropriated for
15 part-day California state preschool programs under Article 7
16 (commencing with Section 8235) of Chapter 2 of Part 6 of Division
17 1 of Title 1, and the After School Education and Safety Program
18 established pursuant to Article 22.5 (commencing with Section
19 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not
20 include any of the following:

21 (1) Any appropriation that is not made for allocation to a school
22 district, as defined in Section 41302.5, or to a community college
23 district, regardless of whether the appropriation is made for any
24 purpose that may be considered to be for the benefit to a school
25 district, as defined in Section 41302.5, or a community college
26 district. This paragraph shall not be construed to exclude any
27 funding appropriated for part-day California state preschool
28 programs under Article 7 (commencing with Section 8235) of
29 Chapter 2 of Part 6 of Division 1 of Title 1 or the After School
30 Education and Safety Program established pursuant to Article 22.5
31 (commencing with Section 8482) of Chapter 2 of Part 6 of Division
32 1 of Title 1.

33 (2) Any appropriation made to the Teachers’ Retirement Fund
34 or to the Public Employees’ Retirement Fund except those
35 appropriations for reimbursable state mandates imposed on or
36 before January 1, 1988.

37 (3) Any appropriation made to service any public debt approved
38 by the voters of this state.

39 (4) With the exception of the programs identified in paragraph
40 (1), commencing with the 2011–12 fiscal year, any funds

1 appropriated for the Child Care and Development Services Act,
2 pursuant to Chapter 2 (commencing with Section 8200) of Part 6
3 of Division 1 of Title 1.

4 (g) “Allocated local proceeds of taxes,” as used in paragraph
5 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
6 California Constitution, means, for school districts as defined,
7 those local revenues, except revenues identified pursuant to
8 paragraph (5) of subdivision (j) of Section 42238.02, that are used
9 to offset state aid for school districts in calculations performed
10 pursuant to Sections 2575, 42238.02, and Chapter 7.2 (commencing
11 with Section 56836) of Part 30 of Division 4.

12 (h) “Allocated local proceeds of taxes,” as used in paragraph
13 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
14 California Constitution, means, for community college districts,
15 those local revenues that are used to offset state aid for community
16 college districts. In no event shall the revenues or receipts derived
17 from student fees be considered “allocated local proceeds of taxes.”

18 (i) For purposes of calculating the 4-percent entitlement pursuant
19 to subdivision (a) of Section 8.5 of Article XVI of the California
20 Constitution, “the total amount required pursuant to Section 8(b)”
21 shall mean the General Fund aid required for schools pursuant to
22 subdivision (b) of Section 8 of Article XVI of the California
23 Constitution, and shall not include allocated local proceeds of
24 taxes.

25 SEC. 95. Section 41300 of the Education Code is repealed.

26 SEC. 96. Section 41301 of the Education Code is repealed.

27 SEC. 97. Section 41303 of the Education Code is amended to
28 read:

29 41303. The Superintendent shall report to the Controller, on
30 or before the 20th day of October of each year, the total average
31 daily attendance during the preceding fiscal year credited to all
32 kindergarten, including average daily attendance for transitional
33 kindergarten, elementary, and high schools in the state and to
34 county school tuition funds.

35 SEC. 98. Section 41320.1 of the Education Code is amended
36 to read:

37 41320.1. Acceptance by the school district of the
38 apportionments made pursuant to Section 41320 constitutes the
39 agreement by the school district to all of the following conditions:

1 (a) The Superintendent shall appoint a trustee who has
2 recognized expertise in management and finance and may employ,
3 on a short-term basis, staff necessary to assist the trustee, including,
4 but not limited to, certified public accountants, as follows:

5 (1) The expenses incurred by the trustee and necessary staff
6 shall be borne by the school district.

7 (2) The Superintendent shall establish the terms and conditions
8 of the employment, including the remuneration of the trustee. The
9 trustee shall serve at the pleasure of, and report directly to, the
10 Superintendent.

11 (3) The trustee, and necessary staff, shall serve until the school
12 district has adequate fiscal systems and controls in place, the
13 Superintendent has determined that the school district's future
14 compliance with the fiscal plan approved for the school district
15 under Section 41320 is probable, and the Superintendent decides
16 to terminate the trustee's appointment, but in no event, for less
17 than three years. The Superintendent shall notify the county
18 superintendent of schools, the Legislature, the Department of
19 Finance, and the Controller no less than 60 days before the time
20 that the Superintendent expects these conditions to be met.

21 (4) Before the school district repays the loan, including interest,
22 the recipient of the loan shall select an auditor from a list
23 established by the Superintendent and the Controller to conduct
24 an audit of its fiscal systems. If the fiscal systems are deemed to
25 be inadequate, the Superintendent may retain the trustee until the
26 deficiencies are corrected. The cost of this audit and any additional
27 cost of the trustee shall be borne by the school district.

28 (5) Notwithstanding any other law, all reports submitted to the
29 trustee are public records.

30 (6) To facilitate the appointment of the trustee and the
31 employment of necessary staff, for purposes of this section, the
32 Superintendent is exempt from the requirements of Article 6
33 (commencing with Section 999) of Chapter 6 of Division 4 of the
34 Military and Veterans Code and Part 2 (commencing with Section
35 10100) of Division 2 of the Public Contract Code.

36 (7) Notwithstanding any other law, the Superintendent may
37 appoint an employee of the department to act as trustee for up to
38 the duration of the trusteeship. The salary and benefits of that
39 employee shall be established by the Superintendent and paid by
40 the school district. During the time of appointment, the employee

1 is an employee of the school district, but shall remain in the same
2 retirement system under the same plan as if the employee had
3 remained in the department. Upon the expiration or termination
4 of the appointment, the employee shall have the right to return to
5 his or her former position, or to a position at substantially the same
6 level as that position, with the department. The time served in the
7 appointment shall be counted for all purposes as if the employee
8 had served that time in his or her former position with the
9 department.

10 (b) (1) The trustee appointed by the Superintendent shall
11 monitor and review the operation of the school district. During the
12 period of his or her service, the trustee may stay or rescind an
13 action of the governing board of the school district that, in the
14 judgment of the trustee, may affect the financial condition of the
15 school district.

16 (2) After the trustee's period of service, and until the loan is
17 repaid, the county superintendent of schools that has jurisdiction
18 over the school district may stay or rescind an action of the
19 governing board of the school district that, in his or her judgment,
20 may affect the financial condition of the school district. The county
21 superintendent of schools shall notify the Superintendent, within
22 five business days, if he or she stays or rescinds an action of the
23 governing board of the school district. The notice shall include,
24 but not be limited to, both of the following:

25 (A) A description of the governing board of the school district's
26 intended action and its financial implications.

27 (B) The rationale and findings that support the county
28 superintendent of school's decision to stay or rescind the action
29 of the governing board of the school district.

30 (3) If the Superintendent is notified by the county superintendent
31 of schools pursuant to paragraph (2), the Superintendent shall
32 report to the Legislature, on or before December 30 of every year,
33 whether the school district is complying with the fiscal plan
34 approved for the school district.

35 (4) The Superintendent may establish timelines and prescribe
36 formats for reports and other materials to be used by the trustee to
37 monitor and review the operations of the school district. The trustee
38 shall approve or reject all reports and other materials required from
39 the school district as a condition of receiving the apportionment.
40 The Superintendent, upon the recommendation of the trustee, may

1 reduce an apportionment to the school district in an amount up to
2 two hundred dollars (\$200) per day for each late or unacceptable
3 report or other material required under this part, and shall report
4 to the Legislature a failure of the school district to comply with
5 the requirements of this section. If the Superintendent determines,
6 at any time, that the fiscal plan approved for the school district
7 under Section 41320 is unsatisfactory, he or she may modify the
8 plan as necessary, and the school district shall comply with the
9 plan as modified.

10 (c) At the request of the Superintendent, the Controller shall
11 transfer to the department, from an apportionment to which the
12 school district would otherwise have been entitled pursuant to
13 Section 42238.02, as implemented pursuant to Section 42238.03,
14 the amount necessary to pay the expenses incurred by the trustee
15 and associated costs incurred by the county superintendent of
16 schools.

17 (d) For the fiscal year in which the apportionments are disbursed
18 and every year thereafter, the Controller, or his or her designee,
19 shall cause an audit to be conducted of the books and accounts of
20 the school district, in lieu of the audit required by Section 41020.
21 At the Controller's discretion, the audit may be conducted by the
22 Controller, his or her designee, or an auditor selected by the school
23 district and approved by the Controller. The costs of these audits
24 shall be borne by the school district. These audits shall be required
25 until the Controller determines, in consultation with the
26 Superintendent, that the school district is financially solvent, but
27 in no event earlier than one year following the implementation of
28 the plan or later than the time the apportionment made is repaid,
29 including interest. In addition, the Controller shall conduct quality
30 control reviews pursuant to subdivision (c) of Section 14504.2.

31 (e) For purposes of errors and omissions liability insurance
32 policies, the trustee appointed pursuant to this section is an
33 employee of the local educational agency to which he or she is
34 assigned. For purposes of workers' compensation benefits, the
35 trustee is an employee of the local educational agency to which
36 he or she is assigned, except that a trustee appointed pursuant to
37 paragraph (7) of subdivision (a) is an employee of the department
38 for that purpose.

39 (f) Except for an individual appointed by the Superintendent as
40 trustee pursuant to paragraph (7) of subdivision (a), the

1 state-appointed trustee is a member of the State Teachers'
2 Retirement System, if qualified, for the period of service as trustee,
3 unless the trustee elects in writing not to become a member. A
4 person who is a member or retirant of the State Teachers'
5 Retirement System at the time of appointment shall continue to
6 be a member or retirant of the system for the duration of the
7 appointment. If the trustee chooses to become a member or is
8 already a member, the trustee shall be placed on the payroll of the
9 school district for purposes of providing appropriate contributions
10 to the system. The Superintendent may also require that an
11 individual appointed as trustee pursuant to paragraph (7) of
12 subdivision (a) be placed on the payroll of the school district for
13 purposes of remuneration, other benefits, and payroll deductions.
14 For purposes of workers' compensation benefits, the
15 state-appointed trustee is deemed an employee of the local
16 educational agency to which he or she is assigned, except that a
17 trustee who is appointed pursuant to paragraph (7) of subdivision
18 (a) is an employee of the department for that purpose.

19 SEC. 99. Section 41329.55 of the Education Code is amended
20 to read:

21 41329.55. (a) Simultaneous with the execution of the lease
22 financing authorized pursuant to Section 41329.52, the bank shall
23 provide to the Controller and the school district a notification of
24 its lease financing. The notice shall include a schedule of rent
25 payments to become due to the bank from the school district and
26 the bond trustee. The Controller shall make the apportionment to
27 the bond trustee of those amounts on the dates shown on the
28 schedule. The bank may further authorize the apportionments to
29 be used to pay or reimburse the provider of any credit enhancement
30 of bonds and other ongoing or periodic ancillary costs of the bond
31 financing issued by the bank in connection with this article. If the
32 amount of rent payments vary from the schedule as a result of
33 variable interest rates on the bonds, early redemptions, or changes
34 in expenses, the bank shall amend or supplement the schedule
35 accordingly.

36 (b) Except where financing is for a community college district,
37 the Controller shall make the apportionment only from moneys in
38 Section A of the State School Fund or any local control funding
39 formula allocations pursuant to Section 42238.02, as implemented
40 by Section 42238.03, designated for apportionment to the school

1 district and an apportionment authorized pursuant to this
2 subdivision shall constitute a lien senior to any other apportionment
3 or payment of State School Fund moneys to or for that school
4 district not made pursuant to this subdivision.

5 (c) If financing is for the Compton Community College District,
6 the Controller shall make the apportionment only from moneys in
7 Section B of the State School Fund. An apportionment authorized
8 pursuant to this subdivision shall constitute a lien senior to any
9 other apportionment or payment of Section B State School Fund
10 moneys.

11 (d) The amount apportioned for a school district pursuant to
12 this section is an allocation to the school district for purposes of
13 subdivision (b) of Section 8 of Article XVI of the California
14 Constitution. For purposes of computing apportionments for local
15 control funding formula allocations pursuant to Section 42238.02,
16 as implemented pursuant to Section 42238.03, for any school
17 district, the local control funding formula allocations pursuant to
18 Section 42238.02, as implemented pursuant to Section 42238.03,
19 for any fiscal year in which funds are apportioned for the school
20 district pursuant to this section shall include any amounts
21 apportioned by the Controller pursuant to subdivisions (a), (b),
22 and (c), as well as Section 41329.57.

23 (e) No party, including the school district or any of its creditors,
24 shall have any claim to the money apportioned or to be apportioned
25 to the bond trustee by the Controller pursuant to this section.

26 SEC. 100. Section 41332 of the Education Code is amended
27 to read:

28 41332. The Superintendent shall, on or before February 20th
29 of each year, apportion to each elementary school district, high
30 school district, county school service fund, and county school
31 tuition fund the total amounts allowed to them under Sections
32 14054, 14057, 14058, 41790, 41800, 41950, 41970, and 41971,
33 whichever are in effect. This apportionment shall be called the
34 first principal apportionment.

35 SEC. 101. Section 41334 of the Education Code is amended
36 to read:

37 41334. The Superintendent shall on or before December 10th
38 of each year apportion:

1 (a) To each elementary, high school, and county school service
2 fund the total of amounts allowed to them under Article 14
3 (commencing with Section 41930) of Chapter 5.

4 (b) To each school district maintaining a high school or high
5 schools, each county superintendent of schools, the Division of
6 Juvenile Justice and the department the total of amounts allowed
7 to them under Sections 41900 to 41912, inclusive.

8 This apportionment shall be called the special purpose
9 apportionment.

10 SEC. 102. Section 41335 of the Education Code is amended
11 to read:

12 41335. (a) The Superintendent shall on or before July 2 of
13 each year apportion to each elementary school district, high school
14 district, county school service fund, and county school tuition fund
15 the total amounts allowed to each respective district or fund, as
16 would have been apportioned on June 25 of the fiscal year of the
17 apportionment pursuant to Section 41335 as it read on May 30,
18 2003, under Sections 14054, 14057, 14058, 41790, 41800, 41950,
19 41970, and 41971, whichever are in effect. This apportionment
20 shall be called the second principal apportionment.

21 (b) This section shall become operative on June 1, 2003.

22 SEC. 103. Section 41341 of the Education Code is amended
23 to read:

24 41341. (a) (1) If, during any fiscal year, the amount
25 apportioned to a school district or to any fund from Section A of
26 the State School Fund differs either positively or negatively from
27 the amount to which the district or fund was entitled by an amount
28 equal to revenue limit funding through the 2012–13 fiscal year,
29 and, commencing with the 2013–14 fiscal year, local control
30 funding formula entitlements pursuant to Section 42238.02, as
31 implemented pursuant to Section 42238.03, for one unit of average
32 daily attendance, the Superintendent, in accordance with
33 regulations that he or she is hereby authorized to adopt, not later
34 than the first succeeding fiscal year from the fiscal year in which
35 the computational error was made, shall withhold from, or add to,
36 the apportionment made during that fiscal year, the amount of the
37 excess or deficiency, as the case may be. Notwithstanding any
38 other provision of this code to the contrary, excesses withheld or
39 deficiencies added by the Superintendent under this subdivision

1 shall be added to or allowed from any portion of the State School
2 Fund.

3 (2) Notwithstanding paragraph (1), excesses may be withheld
4 or deficiencies added to apportionments on account of audit
5 exceptions in any fiscal year in which they are certified by the
6 Superintendent.

7 (b) If, during any fiscal year, the amount apportioned to a
8 community college district or to any fund from Section B of the
9 State School Fund differs either positively or negatively from the
10 amount to which the community college district or fund was
11 entitled, by an amount equal to the funding of one full-time
12 equivalent student, the Chancellor of the California Community
13 Colleges, in accordance with regulations that he or she is hereby
14 authorized to adopt, not later than the first succeeding fiscal year
15 from the fiscal year in which the computational error was made,
16 shall withhold from, or add to, the apportionment made during
17 that fiscal year, the amount of the excess or deficiency, as the case
18 may be. Notwithstanding any other provision of this code to the
19 contrary, excesses withheld or deficiencies added by the Chancellor
20 of the California Community Colleges under this subdivision shall
21 be added to or allowed from any portion of the State School Fund.

22 SEC. 104. Section 41344 of the Education Code is amended
23 to read:

24 41344. (a) If, as the result of an audit or review, a local
25 educational agency is required to repay an apportionment
26 significant audit exception or to pay a penalty arising from an audit
27 exception, the Superintendent and the Director of Finance, or their
28 designees, jointly shall establish a plan for repayment of state
29 school funds that the local educational agency received on the
30 basis of average daily attendance, or other data, that did not comply
31 with statutory or regulatory requirements that were conditions of
32 the apportionments, or for payment of a penalty arising from an
33 audit exception. A local educational agency shall request a plan
34 within 90 days of receiving the final audit report or review, within
35 30 days of withdrawing or receiving a final determination regarding
36 an appeal pursuant to subdivision (d), or, in the absence of an
37 appeal pursuant to subdivision (d), within 30 days of withdrawing
38 or receiving a determination of a summary review pursuant to
39 subdivision (d) of Section 41344.1. At the time the local
40 educational agency is notified, the Controller also shall be notified

1 of the plan. The plan shall be established in accordance with the
2 following:

3 (1) The Controller shall withhold the disallowed or penalty
4 amount at the next principal apportionment or pursuant to
5 paragraph (2), unless subdivision (d) of this section or subdivision
6 (d) of Section 41344.1 applies, in which case the disallowed or
7 penalty amount shall be withheld, at the next principal
8 apportionment or pursuant to paragraph (2) following the
9 determination regarding the appeal or summary appeal. In
10 calculating a disallowed amount, the Controller shall determine
11 the total amount of overpayment received by the local educational
12 agency on the basis of average daily attendance, or other data,
13 reported by the local educational agency that did not comply with
14 one or more statutory or regulatory requirements that are conditions
15 of apportionment.

16 (2) If the Superintendent and the Director of Finance concur
17 that repayment of the full liability or payment of the penalty in the
18 current fiscal year would constitute a severe financial hardship for
19 the local educational agency, they may approve a plan of equal
20 annual payments over a period of up to eight years. The plan shall
21 include interest on each year's outstanding balance at the rate
22 earned on the state's Pooled Money Investment Account during
23 that year. The Superintendent and the Director of Finance jointly
24 shall establish this plan. The Controller shall withhold amounts
25 pursuant to the plan.

26 (3) If the Superintendent and the Director of Finance do not
27 jointly establish a plan, the Controller shall withhold the entire
28 disallowed amount determined pursuant to paragraph (1), or the
29 penalty amount, at the next principal apportionment.

30 (b) (1) For purposes of computing average daily attendance
31 pursuant to Section 42238.5, as it read on January 1, 2013, and
32 Section 42238.05, a local educational agency's prior fiscal year
33 average daily attendance shall be reduced by an amount equal to
34 any average daily attendance disallowed in the current year, by an
35 audit or review, as defined in subdivision (e).

36 (2) Commencing with the 1999–2000 fiscal year, this
37 subdivision may not result in a local educational agency repaying
38 more than the value of the average daily attendance disallowed in
39 the audit exception plus interest and other penalties or reductions
40 in apportionments as provided by existing law.

(c) Notwithstanding any other law, this section may not be waived under any authority set forth in this code except as provided in this section or Section 41344.1.

(d) Within 60 days of the date on which a local educational agency receives a final audit report resulting from an audit or review of all or any part of the operations of the local educational agency, or within 30 days of receiving a determination of a summary review pursuant to subdivision (d) of Section 41344.1, a local educational agency may appeal a finding contained in the final report, pursuant to Section 41344.1. Within 90 days of the date on which the appeal is received by the panel, a hearing shall be held at which the local educational agency may present evidence or arguments if the local educational agency believes that the final report contains any finding that was based on errors of fact or interpretation of law, or if the local educational agency believes in good faith that it was in substantial compliance with all legal requirements. A repayment schedule may not commence until the panel reaches a determination regarding the appeal. If the panel determines that the local educational agency is correct in its assertion, in whole or in part, the allowable portion of any apportionment payment that was withheld shall be paid at the next principal apportionment.

(e) (1) As used in this section, “audit or review” means an audit conducted by the Controller’s office, an annual audit conducted by a certified public accountant or a public accounting firm pursuant to Section 41020, and an audit or review conducted by a governmental agency that provided the local educational agency with an opportunity to provide a written response.

(2) As used in this section, “local educational agency” includes a charter school.

SEC. 105. Section 41376 of the Education Code is repealed.

SEC. 106. Section 41378 of the Education Code is repealed.

SEC. 107. Section 41400 of the Education Code is repealed.

SEC. 108. Section 41401 of the Education Code is repealed.

SEC. 109. Section 41402 of the Education Code is repealed.

SEC. 110. Section 41403 of the Education Code is repealed.

SEC. 111. Section 41404 of the Education Code is repealed.

SEC. 112. Section 41406 of the Education Code is repealed.

SEC. 113. Section 41407 of the Education Code is repealed.

1 SEC. 114. Chapter 3.2 (commencing with Section 41500) of
2 Part 24 of Division 3 of Title 2 of the Education Code is repealed.

3 SEC. 115. Section 41601 of the Education Code is amended
4 to read:

5 41601. For purposes of this chapter, the governing board of
6 each school district shall report to the Superintendent during each
7 fiscal year the average daily attendance of the school district for
8 all full school months during (1) the period between July 1 and
9 December 31, inclusive, to be known as the “first period” report
10 for the first principal apportionment, and (2) the period between
11 July 1 and April 15, inclusive, to be known as the “second period”
12 report for the second principal apportionment. Each county
13 superintendent of schools shall report the average daily attendance
14 for the schools and classes maintained by him or her and the
15 average daily attendance for the county school tuition fund.

16 Each report shall be prepared in accordance with instructions
17 on forms prescribed and furnished by the Superintendent. Average
18 daily attendance shall be computed in the following manner:

19 (a) The average daily attendance in the regular elementary,
20 middle, and high schools, including continuation schools and
21 classes, opportunity schools and classes, and special day classes,
22 maintained by the school districts shall be determined by dividing
23 the total number of days of attendance allowed in all full school
24 months in each period by the number of days the schools are
25 actually taught in all full school months in each period, exclusive
26 of Saturdays or Sundays and exclusive of weekend makeup classes
27 pursuant to Section 37223.

28 (b) The attendance for schools and classes maintained by a
29 county superintendent of schools and the county school tuition
30 fund shall be reported in the same manner as reported by school
31 districts. The average daily attendance in special education classes
32 operated by county superintendents of schools shall be determined
33 in the same manner as all other attendance under subdivision (a).
34 For attendance in special classes pursuant to Section 56364.2, the
35 average daily attendance shall be reported by the county
36 superintendents of schools, but credited for revenue limit purposes
37 to the district in which the pupil resides.

38 SEC. 116. Section 41601.5 of the Education Code is amended
39 to read:

1 41601.5. For any fiscal year, a school district with an increase
2 in the number of units of average daily attendance from the second
3 principal apportionment to the annual apportionment may request
4 the county superintendent of schools to adjust the school district's
5 local control funding formula allocations pursuant to Section
6 42238.02, as implemented by Section 42238.03, by using the units
7 of average daily attendance for the annual apportionment in lieu
8 of the units of average daily attendance for the second principal
9 apportionment. To qualify for this adjustment, the increase in the
10 units of average daily attendance between the two periods shall
11 meet the following requirements:

12 (a) The increase shall be equal to either paragraph (1) or (2):

13 (1) Equal to or greater than 2 percent.

14 (2) For the 1984–85 fiscal year and each fiscal year thereafter,
15 for school districts with less than 2,501 units of average daily
16 attendance, equal to or greater than 10 units of average daily
17 attendance.

18 (b) The increase shall be attributable to pupils of migrant
19 agricultural workers.

20 SEC. 117. Section 41601.7 of the Education Code is amended
21 to read:

22 41601.7. A school district with an increase or decrease in the
23 number of units of average daily attendance at a necessary small
24 high school from the second principal apportionment to the annual
25 apportionment may request the county superintendent of schools
26 to adjust the district's local control funding formula allocations
27 pursuant to Section 42238.02, as implemented by Section 42238.03,
28 by using the units of average daily attendance for the annual
29 apportionment for the necessary small high school in lieu of the
30 units of average daily attendance for the second principal
31 apportionment. To qualify for this adjustment, the following
32 conditions shall be met:

33 (1) The increase or decrease in the units of average daily
34 attendance between the two periods at the necessary small high
35 school shall be equal to or greater than 15 percent and such increase
36 or decrease shall be attributable to pupils attending a necessary
37 small high school which provides a program of education with
38 individualized instruction in a residential setting at an institution
39 for pupils who have been placed in foster care for rehabilitation

1 purposes pursuant to Chapter 2 (commencing with Section 200)
2 of Part 1 of Division 2 of the Welfare and Institutions Code.

3 (2) The school district reimburses the county superintendent of
4 schools for the administrative costs of making the adjustment
5 prescribed by this section.

6 SEC. 118. Section 41800 of the Education Code is amended
7 to read:

8 41800. (a) The Superintendent shall allow to each high school
9 district one hundred twenty dollars (\$120) for each unit of average
10 daily attendance in the school district during the fiscal year as
11 computed under subdivision (a) of Section 41601, subject to the
12 provisions of Section 41608, but not less than two thousand four
13 hundred dollars (\$2,400) shall be allowed to any high school
14 district, to be known as basic state aid.

15 (b) The Superintendent shall exclude from the computation of
16 allowances provided by this section the average daily attendance
17 during the fiscal year of adults.

18 (c) As used in this section, “adult” means a person 18 years of
19 age or older or a person who is not concurrently enrolled in a
20 regular high school program. However, a person 18 years of age
21 or older who is concurrently enrolled in a regular high school
22 program is not an adult for purposes of this section.

23 SEC. 119. Article 9 (commencing with Section 41840) of
24 Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code
25 is repealed.

26 SEC. 120. Article 10 (commencing with Section 41850) of
27 Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code
28 is repealed.

29 SEC. 121. Article 10.5 (commencing with Section 41860) of
30 Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code
31 is repealed.

32 SEC. 122. Article 11 (commencing with Section 41880) of
33 Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code
34 is repealed.

35 SEC. 123. Article 13 (commencing with Section 41920) of
36 Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code
37 is repealed.

38 SEC. 124. Section 41972 of the Education Code is amended
39 to read:

1 41972. (a) Balances available from any appropriation for
2 apportionments from Section A of the State School Fund and funds
3 provided by subdivision (b) of Section 14002, or provided by any
4 other law in lieu of those sections, shall be used to restore any
5 reductions in apportionments to elementary, high, and unified
6 school districts and county superintendents of schools as follows:

7 (1) First, for revenue limits computed pursuant to Sections 2575
8 and 42238.02, as implemented by Section 42238.03.

9 (2) Second, for special education computed pursuant to Chapter
10 7.2 (commencing with Section 56836) of Part 30 of Division 4.

11 (b) Any remaining balances otherwise transferable under
12 subdivision (b) of Section 14002 shall revert to the General Fund.

13 SEC. 125. Section 41975 of the Education Code is amended
14 to read:

15 41975. (a) Apportionments and allowances to a school district
16 from Section A of the State School Fund in a fiscal year may not
17 be less than the product of one hundred twenty dollars (\$120)
18 multiplied by the average daily attendance of the district in the
19 preceding fiscal year, or two thousand four hundred dollars
20 (\$2,400), whichever amount is the greater.

21 (b) State funds apportioned to each school district for categorical
22 education programs, or other state funds apportioned to each school
23 district from the State School Fund, shall be applied to meet the
24 requirement of Section 6 of Article IX of the California
25 Constitution to provide a minimum of one hundred twenty dollars
26 (\$120) of state aid per pupil or two thousand four hundred dollars
27 (\$2,400) per school district.

28 (c) Notwithstanding any other law, the Superintendent shall not
29 increase the local control funding formula pursuant to Section
30 42238.02, as implemented by Section 42238.03, apportionment
31 of a school district to provide basic state aid pursuant to Section
32 6 of Article IX of the California Constitution or any other law,
33 unless that school district has not received the greater amount of
34 one hundred twenty dollars (\$120) per pupil or two thousand four
35 hundred dollars (\$2,400) from all state funds, including funds for
36 categorical education programs. If a school district receives less
37 than the amount specified in this subdivision, the Superintendent
38 shall allocate the difference between the amount of state funds
39 received and the constitutional minimum of the greater amount of

1 one hundred twenty dollars (\$120) per pupil or two thousand four
2 hundred dollars (\$2,400) per school district.

3 SEC. 126. Section 41976 of the Education Code is repealed.

4 SEC. 127. Section 41976.1 of the Education Code is repealed.

5 SEC. 128. Section 41976.2 of the Education Code is repealed.

6 SEC. 129. Section 41976.5 of the Education Code is repealed.

7 SEC. 130. Section 42127 of the Education Code is amended
8 to read:

9 42127. (a) On or before July 1 of each year, the governing
10 board of each school district shall accomplish the following:

11 (1) Hold a public hearing on the budget to be adopted for the
12 subsequent fiscal year. The budget to be adopted shall be prepared
13 in accordance with Section 42126. The agenda for that hearing
14 shall be posted at least 72 hours before the public hearing and shall
15 include the location where the budget will be available for public
16 inspection.

17 (A) For the 2011–12 fiscal year, notwithstanding any of the
18 standards and criteria adopted by the state board pursuant to Section
19 33127, each school district budget shall project the same level of
20 revenue per unit of average daily attendance as it received in the
21 2010–11 fiscal year and shall maintain staffing and program levels
22 commensurate with that level.

23 (B) For the 2011–12 fiscal year, the school district shall not be
24 required to demonstrate that it is able to meet its financial
25 obligations for the two subsequent fiscal years.

26 (2) Adopt a budget and take action on a local control and
27 accountability plan pursuant to Sections 52060 and 52064. Not
28 later than five days after that adoption or by July 1, whichever
29 occurs first, the governing board of the school district shall file
30 that budget with the county superintendent of schools. The budget,
31 the local control and accountability plan, and supporting data shall
32 be maintained and made available for public review. If the
33 governing board of the school district does not want all or a portion
34 of the property tax requirement levied for the purpose of making
35 payments for the interest and redemption charges on indebtedness
36 as described in paragraph (1) or (2) of subdivision (b) of Section
37 1 of Article XIII A of the California Constitution, the budget shall
38 include a statement of the amount or portion for which a levy shall
39 not be made. For the 2014–15 fiscal year and each fiscal year
40 thereafter, the governing board of the school district shall not adopt

1 a budget before the governing board of the school district adopts
2 a local control and accountability plan or approves an update to
3 an existing local control and accountability plan pursuant to
4 Sections 52060 and 52064. The governing board of a school district
5 shall not adopt a budget that does not align with the local control
6 and accountability plan that applies to the subsequent fiscal year.

7 (b) The county superintendent of schools may accept changes
8 in any statement included in the budget, pursuant to subdivision
9 (a), of the amount or portion for which a property tax levy shall
10 not be made. The county superintendent of schools or the county
11 auditor shall compute the actual amounts to be levied on the
12 property tax rolls of the school district for purposes that exceed
13 apportionments to the school district pursuant to Chapter 6
14 (commencing with Section 95) of Part 0.5 of Division 1 of the
15 Revenue and Taxation Code. Each school district shall provide all
16 data needed by the county superintendent of schools or the county
17 auditor to compute the amounts. On or before August 15, the
18 county superintendent of schools shall transmit the amounts
19 computed to the county auditor who shall compute the tax rates
20 necessary to produce the amounts. On or before September 1, the
21 county auditor shall submit the rate computed to the board of
22 supervisors for adoption.

23 (c) The county superintendent of schools shall do all of the
24 following:

25 (1) Examine the adopted budget to determine whether it
26 complies with the standards and criteria adopted by the state board
27 pursuant to Section 33127 for application to final local educational
28 agency budgets. The county superintendent of schools shall
29 identify, if necessary, technical corrections that are required to be
30 made to bring the budget into compliance with those standards
31 and criteria.

32 (2) Determine whether the adopted budget will allow the school
33 district to meet its financial obligations during the fiscal year and
34 is consistent with a financial plan that will enable the school district
35 to satisfy its multiyear financial commitments. In addition to his
36 or her own analysis of the budget of each school district, the county
37 superintendent of schools shall review and consider studies, reports,
38 evaluations, or audits of the school district that were commissioned
39 by the school district, the county superintendent of schools, the
40 Superintendent, and state control agencies and that contain

1 evidence that the school district is showing fiscal distress under
2 the standards and criteria adopted in Section 33127 or that contain
3 a finding by an external reviewer that more than three of the 15
4 most common predictors of a school district needing intervention,
5 as determined by the County Office Fiscal Crisis and Management
6 Assistance Team, are present. The county superintendent of schools
7 shall either conditionally approve or disapprove a budget that does
8 not provide adequate assurance that the school district will meet
9 its current and future obligations and resolve any problems
10 identified in studies, reports, evaluations, or audits described in
11 this paragraph.

12 (3) Determine whether the adopted budget will allow the school
13 district to implement the specific actions and strategies included
14 in the local control and accountability plan adopted by the
15 governing board of the school district pursuant to Section 52060
16 and 52064.

17 (d) On or before August 15, the county superintendent of schools
18 shall approve, conditionally approve, or disapprove the adopted
19 budget for each school district. For the 2014–15 fiscal year and
20 each fiscal year thereafter, the county superintendent of schools
21 shall disapprove a budget if a school district does not file a local
22 control and accountability plan with the county superintendent of
23 schools, if the Superintendent determines that a local control and
24 accountability plan filed does not adhere to the template adopted
25 by the state board pursuant to Section 52066 or does not include
26 all of the components identified in subdivision (a) of Section
27 52064, or if the county superintendent of schools determines that
28 the expenditures included in the budget do not reflect the costs
29 necessary to implement the plan. If a school district does not submit
30 a budget to the county superintendent of schools, the county
31 superintendent of schools shall develop, at school district expense,
32 a budget for that school district by September 15 and transmit that
33 budget to the governing board of the school district. The budget
34 prepared by the county superintendent of schools shall be deemed
35 adopted, unless the county superintendent of schools approves any
36 modifications made by the governing board of the school district.
37 The approved budget shall be used as a guide for the school
38 district's priorities. The Superintendent shall review and certify
39 the budget approved by the county. If, pursuant to the review
40 conducted pursuant to subdivision (c), the county superintendent

1 of schools determines that the adopted budget for a school district
2 does not satisfy paragraph (1) or (2) of that subdivision, he or she
3 shall conditionally approve or disapprove the budget and, not later
4 than August 15, transmit to the governing board of the school
5 district, in writing, his or her recommendations regarding revision
6 of the budget and the reasons for those recommendations,
7 including, but not limited to, the amounts of any budget
8 adjustments needed before he or she can approve that budget. The
9 county superintendent of schools may assign a fiscal adviser to
10 assist the school district to develop a budget in compliance with
11 those revisions. In addition, the county superintendent of schools
12 may appoint a committee to examine and comment on the
13 superintendent's review and recommendations, subject to the
14 requirement that the committee report its findings to the county
15 superintendent of schools no later than August 20. For the 2011–12
16 fiscal year, notwithstanding any of the standards and criteria
17 adopted by the state board pursuant to Section 33127, the county
18 superintendent of schools, as a condition on approval of a school
19 district budget, shall not require a school district to project a lower
20 level of revenue per unit of average daily attendance than it
21 received in the 2010–11 fiscal year nor require the school district
22 to demonstrate that it is able to meet its financial obligations for
23 the two subsequent fiscal years.

24 (e) On or before September 8, the governing board of the school
25 district shall revise the adopted budget to reflect changes in
26 projected income or expenditures subsequent to July 1, and to
27 include any response to the recommendations of the county
28 superintendent of schools, shall adopt the revised budget, and shall
29 file the revised budget with the county superintendent of schools.
30 Before revising the budget, the governing board of the school
31 district shall hold a public hearing regarding the proposed revisions,
32 to be conducted in accordance with Section 42103. In addition, if
33 the adopted budget is disapproved pursuant to subdivision (d), the
34 governing board of the school district and the county
35 superintendent of schools shall review the disapproval and the
36 recommendations of the county superintendent of schools regarding
37 revision of the budget at the public hearing. The revised budget
38 and supporting data shall be maintained and made available for
39 public review.

1 (1) For the 2011–12 fiscal year, notwithstanding any of the
2 standards and criteria adopted by the state board pursuant to Section
3 33127, each school district budget shall project the same level of
4 revenue per unit of average daily attendance as it received in the
5 2010–11 fiscal year and shall maintain staffing and program levels
6 commensurate with that level.

7 (2) For the 2011–12 fiscal year, the school district shall not be
8 required to demonstrate that it is able to meet its financial
9 obligations for the two subsequent fiscal years.

10 (f) On or before September 22, the county superintendent of
11 schools shall provide a list to the Superintendent identifying all
12 school districts for which budgets may be disapproved.

13 (g) The county superintendent of schools shall examine the
14 revised budget to determine whether it (1) complies with the
15 standards and criteria adopted by the state board pursuant to Section
16 33127 for application to final local educational agency budgets,
17 (2) allows the school district to meet its financial obligations during
18 the fiscal year, (3) satisfies all conditions established by the county
19 superintendent of schools in the case of a conditionally approved
20 budget, and (4) is consistent with a financial plan that will enable
21 the school district to satisfy its multiyear financial commitments,
22 and, not later than October 8, shall approve or disapprove the
23 revised budget. If the county superintendent of schools disapproves
24 the budget, he or she shall call for the formation of a budget review
25 committee pursuant to Section 42127.1, unless the governing board
26 of the school district and the county superintendent of schools
27 agree to waive the requirement that a budget review committee be
28 formed and the department approves the waiver after determining
29 that a budget review committee is not necessary. Upon the grant
30 of a waiver, the county superintendent of schools immediately has
31 the authority and responsibility provided in Section 42127.3. Upon
32 approving a waiver of the budget review committee, the department
33 shall ensure that a balanced budget is adopted for the school district
34 by November 30. If no budget is adopted by November 30, the
35 Superintendent may adopt a budget for the school district. The
36 Superintendent shall report to the Legislature and the Director of
37 Finance by December 10 if any school district, including a school
38 district that has received a waiver of the budget review committee
39 process, does not have an adopted budget by November 30. This
40 report shall include the reasons why a budget has not been adopted

1 by the deadline, the steps being taken to finalize budget adoption,
2 the date the adopted budget is anticipated, and whether the
3 Superintendent has or will exercise his or her authority to adopt a
4 budget for the school district. For the 2011–12 fiscal year,
5 notwithstanding any of the standards and criteria adopted by the
6 state board pursuant to Section 33127, the county superintendent
7 of schools, as a condition on approval of a school district budget,
8 shall not require a school district to project a lower level of revenue
9 per unit of average daily attendance than it received in the 2010–11
10 fiscal year nor require the school district to demonstrate that it is
11 able to meet its financial obligations for the two subsequent fiscal
12 years.

13 (h) Not later than October 8, the county superintendent of
14 schools shall submit a report to the Superintendent identifying all
15 school districts for which budgets have been disapproved or budget
16 review committees waived. The report shall include a copy of the
17 written response transmitted to each of those school districts
18 pursuant to subdivision (d).

19 (i) Notwithstanding any other provision of this section, the
20 budget review for a school district shall be governed by paragraphs
21 (1), (2), and (3), rather than by subdivisions (e) and (g), if the
22 governing board of the school district so elects and notifies the
23 county superintendent of schools in writing of that decision, not
24 later than October 31 of the immediately preceding calendar year.
25 On or before July 1, the governing board of a school district for
26 which the budget review is governed by this subdivision, rather
27 than by subdivisions (e) and (g), shall conduct a public hearing
28 regarding its proposed budget in accordance with Section 42103.

29 (1) If the adopted budget of a school district is disapproved
30 pursuant to subdivision (d), on or before September 8, the
31 governing board of the school district, in conjunction with the
32 county superintendent of schools, shall review the superintendent's
33 recommendations at a regular meeting of the governing board of
34 the school district and respond to those recommendations. The
35 response shall include any revisions to the adopted budget and
36 other proposed actions to be taken, if any, as a result of those
37 recommendations.

38 (2) On or before September 22, the county superintendent of
39 schools shall provide a list to the Superintendent identifying all
40 school districts for which a budget may be tentatively disapproved.

1 (3) Not later than October 8, after receiving the response
2 required under paragraph (1), the county superintendent of schools
3 shall review that response and either approve or disapprove the
4 budget. If the county superintendent of schools disapproves the
5 budget, he or she shall call for the formation of a budget review
6 committee pursuant to Section 42127.1, unless the governing board
7 of the school district and the county superintendent of schools
8 agree to waive the requirement that a budget review committee be
9 formed and the department approves the waiver after determining
10 that a budget review committee is not necessary. Upon the grant
11 of a waiver, the county superintendent has the authority and
12 responsibility provided to a budget review committee in Section
13 42127.3. Upon approving a waiver of the budget review committee,
14 the department shall ensure that a balanced budget is adopted for
15 the school district by November 30. The Superintendent shall
16 report to the Legislature and the Director of Finance by December
17 10 if any school district, including a school district that has received
18 a waiver of the budget review committee process, does not have
19 an adopted budget by November 30. This report shall include the
20 reasons why a budget has not been adopted by the deadline, the
21 steps being taken to finalize budget adoption, and the date the
22 adopted budget is anticipated. For the 2011–12 fiscal year,
23 notwithstanding any of the standards and criteria adopted by the
24 state board pursuant to Section 33127, the county superintendent
25 of schools, as a condition on approval of a school district budget,
26 shall not require a school district to project a lower level of revenue
27 per unit of average daily attendance than it received in the 2010–11
28 fiscal year nor require the school district to demonstrate that it is
29 able to meet its financial obligations for the two subsequent fiscal
30 years.

31 (4) Not later than 45 days after the Governor signs the annual
32 Budget Act, the school district shall make available for public
33 review any revisions in revenues and expenditures that it has made
34 to its budget to reflect the funding made available by that Budget
35 Act.

36 (j) Any school district for which the county board of education
37 serves as the governing board of the school district is not subject
38 to subdivisions (c) to (h), inclusive, but is governed instead by the
39 budget procedures set forth in Section 1622.

1 SEC. 131. Section 42127.8 of the Education Code is amended
2 to read:

3 42127.8. (a) The governing board provided for in subdivision
4 (b) shall establish a unit to be known as the County Office Fiscal
5 Crisis and Management Assistance Team. The team shall consist
6 of persons having extensive experience in school district budgeting,
7 accounting, data processing, telecommunications, risk management,
8 food services, pupil transportation, purchasing and warehousing,
9 facilities maintenance and operation, and personnel administration,
10 organization, and staffing. The Superintendent may appoint one
11 employee of the department to serve on the unit. The unit shall be
12 operated under the immediate direction of an appropriate county
13 office of education selected jointly, in response to an application
14 process, by the Superintendent and the president of the state board
15 or his or her designee.

16 (b) The unit established under subdivision (a) shall be selected
17 and governed by a 25-member governing board consisting of one
18 representative chosen by the California County Superintendents
19 Educational Services Association from each of the 11 county
20 service regions designated by the association, 11 superintendents
21 of school districts chosen by the Association of California School
22 Administrators from each of the 11 county service regions, one
23 representative from the department chosen by the Superintendent,
24 the Chancellor of the California Community Colleges or his or her
25 designee, and one member of a community college district
26 governing board chosen by the chancellor. The governing board
27 of the County Office Fiscal Crisis and Management Assistance
28 Team shall select a county superintendent of schools to chair the
29 unit.

30 (c) (1) The Superintendent may request the unit to provide the
31 assistance described in subdivision (b) of Section 1624, Section
32 1630, subdivision (b) of Section 42127.3, subdivision (c) of Section
33 42127.6, Section 42127.9, and subdivision (a) of Section
34 42238.051, and to review the fiscal and administrative condition
35 of any county office of education, school district, or charter school.

36 (2) A county superintendent of schools may request the unit to
37 review the fiscal or administrative condition of a school district
38 or charter school under his or her jurisdiction.

1 (3) The Board of Governors of the California Community
2 Colleges may request the unit to provide the assistance described
3 in Section 84041.

4 (d) In addition to the functions described in subdivision (c), the
5 unit shall do all of the following:

6 (1) Provide fiscal management assistance, at the request of any
7 school district, charter school, or county office of education, or,
8 pursuant to subdivision (g) of Section 84041, at the request of any
9 community college district. Each school district, charter school,
10 or county office of education receiving that assistance shall be
11 required to pay the onsite personnel costs and travel costs incurred
12 by the unit for that purpose, pursuant to rates determined by the
13 governing board established under subdivision (b). The governing
14 board annually shall distribute rate information to each school
15 district, charter school, and county office of education.

16 (2) Facilitate training for members of the governing board of
17 the school district, district and county superintendents, chief
18 financial officers within the district, and schoolsite personnel whose
19 primary responsibility is to address fiscal issues. Training services
20 shall emphasize efforts to improve fiscal accountability and expand
21 the fiscal competency of local agencies. The unit shall use state
22 professional associations, private organizations, and public agencies
23 to provide guidance, support, and the delivery of any training
24 services.

25 (3) Facilitate fiscal management training through the 11 county
26 service regions to county office of education staff to ensure that
27 they develop the technical skills necessary to perform their
28 fiduciary duties. The governing board established pursuant to
29 subdivision (b) shall determine the extent of the training that is
30 necessary to comply with this paragraph.

31 (4) Produce a training calendar, to be disseminated semiannually
32 to each county service region, that publicizes all of the fiscal
33 training services that are being offered at the local, regional, and
34 state levels.

35 (e) The governing board shall reserve not less than 25 percent,
36 nor more than 50 percent, of its revenues each year for expenditure
37 for the costs of contracts and professional services as management
38 assistance to school districts or county superintendents of schools
39 in which the board determines that a fiscal emergency exists.

(f) The governing board established under subdivision (b) may levy an annual assessment against each county office of education that elects to participate under this section in an amount not to exceed twenty cents (\$0.20) per unit of total average daily attendance for all school districts within the county. The revenues collected pursuant to that assessment shall be applied to the expenses of the unit.

(g) The governing board established under subdivision (b) may pay to the department, from any available funds, a reasonable amount to reimburse the department for actual administrative expenses incurred in the review of the budgets and fiscal conditions of school districts, charter schools, and county superintendents of schools.

(h) When employed as a fiscal adviser by the department pursuant to Section 1630, employees of the unit established pursuant to subdivision (a) shall be considered employees of the department for purposes of errors and omissions liability insurance.

(i) (1) The unit shall request and review applications to establish regional teams of education finance experts throughout the state.

(2) To the extent that funding is provided for purposes of this subdivision in the annual Budget Act or through another appropriation, regional teams selected by the Superintendent, in consultation with the unit, shall provide training and technical expertise to school districts, charter schools, and county offices of education facing fiscal difficulties.

(3) The regional teams shall follow the standards and guidelines of and remain under the general supervision of the governing board established under subdivision (b).

(4) It is the intent of the Legislature that, to the extent possible, the regional teams be distributed geographically throughout the various regions of the state in order to provide timely, cost-effective expertise to school districts, charter schools, county offices of education, and community college districts throughout the state.

SEC. 132. Section 42238 of the Education Code is repealed.

SEC. 133. Section 42238.02 is added to the Education Code, to read:

42238.02. (a) The amount computed pursuant to this section shall be known as the school district and charter school local control funding formula.

(b) (1) For purposes of this section “unduplicated pupil” means a pupil enrolled in a school district or a charter school who is either classified as an English learner pursuant to Section 52164, as that section read on January 1, 2013, eligible to receive a free or reduced-price meal pursuant to Section 49552, as that section read on January 1, 2013, or is a foster youth pursuant to Sections 300 and 601 of the Welfare and Institutions Code. A pupil shall be counted only once for purposes of this section if any of the following apply:

(A) The pupil is classified as an English learner and is eligible for a free or reduced-price meal.

(B) The pupil is classified as an English learner and is a foster youth.

(C) The pupil is classified as a foster youth and is eligible for a free or reduced-price meal.

(D) The pupil is classified as an English learner, is eligible for a free or reduced-price meal, and is a foster youth.

(2) For purposes of this section, a pupil shall not be classified as an English learner for more than five school years in total.

(3) Commencing with the 2013–14 fiscal year, a school district or charter school shall annually report their enrolled unduplicated pupil, free and reduced-price meal eligibility, foster youth, and English learner pupil counts to the Superintendent.

(4) Commencing with the 2013–14 fiscal year, a county office of education shall review and validate reported English learner, foster youth, and free or reduced-price meal eligible pupil data for school districts and charter schools under their jurisdiction to ensure the data is reported accurately.

(5) The counts of unduplicated pupils shall be derived by the Superintendent using the California Longitudinal Pupil Achievement Data System.

(6) The Superintendent shall calculate the percentage of unduplicated pupils for each school district and charter school by dividing the enrollment of unduplicated pupils in a school district or charter school by the total enrollment in that school district or charter school.

(c) Commencing with the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall annually calculate a local control funding formula grant for each school district and charter school in the state pursuant to this section.

(d) The Superintendent shall compute a grade span adjusted base grant equal to the total of the following amounts:

(1) For the 2013–14 fiscal year, a base grant of:

(A) Seven thousand six hundred eighty dollars (\$7,680) for average daily attendance in grades 9 to 12, inclusive.

(B) Six thousand six hundred twenty-eight dollars (\$6,628) for average daily attendance in grades 7 and 8.

(C) Six thousand four hundred thirty-seven dollars (\$6,437) for average daily attendance in grades 4 to 6, inclusive.

(D) Six thousand three hundred forty-two dollars (\$6,342) for average daily attendance in kindergarten and grades 1 to 3, inclusive.

(2) In each year the grade span adjusted base grants in paragraph (1) shall be adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(3) (A) The Superintendent shall compute an additional adjustment to the kindergarten and grades 1 to 3, inclusive, base grant as adjusted for inflation pursuant to paragraph (2) equal to 11.23 percent. The additional grant shall be calculated by multiplying the kindergarten and grades 1 to 3, inclusive, base grant as adjusted by paragraph (2) by 11.23 percent.

(B) Until paragraph (4) of subdivision (b) of Section 42238.03 is effective, as a condition of the receipt of funds in this paragraph, a school district shall make progress toward maintaining an annual average class size of not more than 24 pupils for each classroom per school site in kindergarten and grades 1 to 3, inclusive, unless a collectively bargained alternative annual average class size for each classroom per school site in those grades is agreed to by the school district, pursuant to the following calculation:

(i) Determine a school district's annual average class size for each classroom per school site for kindergarten and grades 1 to 3,

1 inclusive, in the prior year. For the 2013–14 fiscal year, this amount
2 shall be the annual average class size for each classroom per school
3 site for kindergarten and grades 1 to 3, inclusive, in the 2012–13
4 fiscal year.

5 (ii) Determine a school district’s percentage of total need
6 pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

7 (iii) Determine the percentage of the need calculated in clause
8 (ii) that is met by funding provided to the school district pursuant
9 to paragraph (3) of subdivision (b) of Section 42238.03.

10 (iv) Determine the difference between the amount computed
11 pursuant to clause (i) and an annual average class size of not more
12 than 24 pupils for each classroom per school site.

13 (v) Calculate a current year annual average class size adjustment
14 for each classroom per school site for kindergarten and grades 1
15 to 3, inclusive, equal to the adjustment calculated in clause (iv)
16 multiplied by one minus the percentage determined pursuant to
17 clause (iii).

18 (C) School districts that have an annual average class size for
19 each classroom per school site for kindergarten and grades 1 to 3,
20 inclusive, of 24 pupils or less for each classroom per school site
21 in the 2012–13 fiscal year, shall be exempt from the requirements
22 of subparagraph (B) so long as the school district continues to
23 maintain an annual average class size for each classroom per school
24 site for kindergarten and grades 1 to 3, inclusive, of not more than
25 24 pupils in each classroom, unless a collectively bargained
26 alternative ratio is agreed to by the school district.

27 (D) Upon full implementation of the local control funding
28 formula, as a condition of the receipt of funds in this paragraph,
29 all school districts shall maintain an annual average class size for
30 each classroom per school site for kindergarten and grades 1 to 3,
31 inclusive, of not more than 24 pupils for each classroom per school
32 site in kindergarten and grades 1 to 3, inclusive, unless a
33 collectively bargained alternative ratio is agreed to by the school
34 district.

35 (E) The annual average class size requirement for each
36 classroom per school site for kindergarten and grades 1 to 3,
37 inclusive, established pursuant to this paragraph shall not be subject
38 to waiver by the state board pursuant to Section 33050 or by the
39 Superintendent.

(4) The Superintendent shall compute an additional adjustment to the base grant for grades 9 to 12, inclusive, as adjusted for inflation pursuant to paragraph (2), equal to 2.8 percent. The additional grant shall be calculated by multiplying the base grant for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.8 percent.

(e) The Superintendent shall compute a supplemental grant add-on equal to 35 percent of the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraph (2) of subdivision (d), for each school district or charter school percentage of unduplicated pupils. The supplemental grant shall be calculated by multiplying the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1), as adjusted by paragraph (2) of subdivision (d), by 35 percent and by the percentage of unduplicated pupils in that school district or charter school.

(f) The Superintendent shall compute a concentration grant add-on equal to 35 percent of the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraph (2) of subdivision (d), for each school district's or charter school's percentage of unduplicated pupils in excess of 50 percent of the school district's or charter school's total enrollment. The concentration grant shall be calculated by multiplying the base grant as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraph (2) of subdivision (d), by 35 percent and by the percentage of unduplicated pupils in excess of 50 percent of the total enrollment in that school district or charter school. For a charter school physically located in only one school district, the percentage of unduplicated pupils in excess of 50 percent used to calculate concentration grants shall not exceed the percentage of unduplicated pupils in excess of 50 percent of the school district in which the charter school is physically located. If the charter school is physically located in more than one school district, the charter school's percentage of unduplicated pupils in excess of 50 percent used to calculate concentration grants shall not exceed that of the school district with the highest percentage of unduplicated pupils in excess of 50 percent within the charter school's physical location.

(g) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental, and concentration grants equal to the amount of funding a school district or charter school received from funds allocated pursuant to the Targeted Instructional Improvement Block Grant program, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2, for the 2012–13 fiscal year, as that article read on January 1, 2013. A school district or charter school shall not receive a total funding amount from this add-on greater than the total amount of funding received by the school district or charter school from that program in the 2012–13 fiscal year.

(h) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental, and concentration grants equal to the amount of funding a school district or charter school received from funds allocated pursuant to the Home-to-School Transportation program, as set forth in former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 and former Article 10 (commencing with Section 41850) of Chapter 5, for the 2012–13 fiscal year. A school district or charter school shall not receive a total funding amount from this add-on greater than the total amount received by the school district or charter school for that program in the 2012–13 fiscal year.

(i) The sum of the local control funding formula rates computed pursuant to subdivisions (c) to (f), inclusive, shall be multiplied by:

(1) For school districts, the average daily attendance of the school district in the corresponding grade level ranges computed pursuant to Section 42238.05.

(2) For charter schools, the total current year average daily attendance in the corresponding grade level ranges.

(j) Notwithstanding any other law, the Superintendent shall adjust the sum of each school district's or charter school's amount determined in subdivisions (g) to (i), inclusive, pursuant to the calculation specified in Section 42238.03, less the sum of the following:

(1) (A) For school districts, the property tax revenue received pursuant to Chapter 3.5 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

1 (B) For charter schools, the in-lieu property tax amount provided
2 to a charter school pursuant to Section 47635.

3 (2) The amount, if any, received pursuant to Part 18.5
4 (commencing with Section 38101) of Division 2 of the Revenue
5 and Taxation Code.

6 (3) The amount, if any, received pursuant to Chapter 3
7 (commencing with Section 16140) of Part 1 of Division 4 of Title
8 2 of the Government Code.

9 (4) Prior years' taxes and taxes on the unsecured roll.

10 (5) Fifty percent of the amount received pursuant to Section
11 41603.

12 (6) The amount, if any, received pursuant to the Community
13 Redevelopment Law (Part 1 (commencing with Section 33000)
14 of Division 24 of the Health and Safety Code), less any amount
15 received pursuant to Section 33401 or 33676 of the Health and
16 Safety Code that is used for land acquisition, facility construction,
17 reconstruction, or remodeling, or deferred maintenance and that
18 is not an amount received pursuant to Section 33492.15, or
19 paragraph (4) of subdivision (a) of Section 33607.5, or Section
20 33607.7 of the Health and Safety Code that is allocated exclusively
21 for educational facilities.

22 (7) The amount, if any, received pursuant to Sections 34183
23 and 34188 of the Health and Safety Code.

24 (8) (A) Revenue received pursuant to subparagraph (B) of
25 paragraph (3) of subdivision (e) of Section 36 of Article XIII of
26 the California Constitution.

27 (B) Subparagraph (A) shall only offset entitlements provided
28 for the purpose of paragraph (1) of subdivision (a) of Section
29 42238.03 as continued in subsequent years by paragraph (3) of
30 subdivision (a) of Section 42238.03.

31 (k) A school district shall annually transfer to each of its charter
32 schools funding in lieu of property taxes pursuant to Section 47635.

33 (l) (1) The funds apportioned pursuant to this section and
34 Section 42238.03, shall be available to a school district or charter
35 school for any locally determined educational purpose.

36 (2) School districts and charter schools that receive supplemental
37 or concentration grants, or both, pursuant to this section shall use
38 those funds for any locally determined educational purpose so long
39 as it substantially benefits the unduplicated pupils that generated

1 those funds as provided for in a school district's or charter school's
2 local control and accountability plan.

3 (m) Nothing in this section shall be interpreted to authorize a
4 school district that receives funding on behalf of a charter school
5 pursuant to Section 47651 to redirect this funding for another
6 purpose unless otherwise authorized in law or pursuant to an
7 agreement between a charter school and its chartering authority.

8 (n) Any calculations in law that are used for purposes of
9 determining if a local educational agency is an excess tax school
10 entity or basic aid school district, including, but not limited to, this
11 section and Sections 42238.03, 41544, 47660, 47632, 47663,
12 48310, and 48359.5, and Section 95 of the Revenue and Taxation
13 Code, shall be made exclusive of the revenue received pursuant
14 to subparagraph (B) of paragraph (3) of subdivision (e) of Section
15 36 of Article XIII of the California Constitution.

16 (o) A school district that does not receive an apportionment of
17 state funds pursuant to this section as implemented pursuant to
18 Section 42238.03, excluding funds apportioned due to the
19 requirements of subdivision (d) of Section 42238.03 shall be
20 considered a "basic aid school district" or an "excess tax entity."

21 SEC. 134. Section 42238.03 is added to the Education Code,
22 to read:

23 42238.03. Commencing with the 2013–14 fiscal year and each
24 fiscal year thereafter, the Superintendent shall allocate the
25 appropriations in Section 14002 to each charter school and school
26 district according to the following formula:

27 (a) Calculate the prior year amount of funding for each school
28 district and charter school, as follows:

29 (1) For the 2013–14 fiscal year, the prior year funding level
30 shall be the total of all of the following:

31 (A) Entitlements for revenue limits in the 2012–13 fiscal year
32 pursuant to Article 2 (commencing with Section 42238) and Article
33 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of
34 Division 4, as those articles read on June 30, 2013.

35 (B) Notwithstanding subparagraph (A), entitlements for revenue
36 limits for fiscal years before June 30, 2013, shall be annually
37 adjusted, as necessary, for average daily attendance and revenue
38 offsets, as specified in paragraphs (1) to (7), inclusive, of
39 subdivision (h) of Section 42238, as that section read on June 30,
40 2013, and the in-lieu property tax amount provided to a charter

1 school pursuant to Section 47635, as that section read on June 30,
2 2013.

3 (2) (A) Entitlements from items contained in Section 2.00, as
4 adjusted pursuant to Section 12.42, of the Budget Act of 2012 for
5 Items 6110-104-0001, 6110-105-0001, 6110-108-0001,
6 6110-111-0001, 6110-119-0001, 6110-122-0001, 6110-124-0001,
7 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001,
8 6110-158-0001, 6110-166-0001, 6110-167-0001, 6110-181-0001,
9 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,
10 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,
11 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001,
12 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001,
13 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,
14 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,
15 6110-267-0001, 6110-268-0001, 6360-101-0001, and 2012–13
16 fiscal year funding for the Class Size Reduction Program pursuant
17 to Chapter 6.10 (commencing with Section 52120) of Part 28 of
18 Division 4, as it read on January 1, 2013.

19 (B) Entitlements pursuant to Section 47634.1, as that section
20 read on January 1, 2013, shall be adjusted for growth in average
21 daily attendance.

22 (3) For the 2014–15 fiscal year and each fiscal year thereafter,
23 the prior year amount shall be the amount each school district or
24 charter school received in the prior year pursuant to this section.

25 (b) Calculate an adjustment to the amount in subdivision (a) as
26 follows:

27 (1) Subtract the amount in subdivision (a) from the amount
28 computed for each school district or charter school under the local
29 control funding formula entitlements in subdivision (j) of Section
30 42238.02. School districts and charter schools with a negative
31 difference shall be deemed to have a zero difference.

32 (2) Each school district's and charter school's total need as
33 calculated pursuant to paragraph (1) shall be divided by the sum
34 of all school districts' and charter schools' total need to determine
35 the school district's or charter school's respective proportions of
36 total need.

37 (3) Each school district's and charter school's proportion of
38 total need shall be multiplied by any available appropriations for
39 this purpose, and added to the school district's or charter school's
40 funding amounts as calculated pursuant to subdivision (a).

1 (4) If the total amount of funds available for allocation pursuant
2 to this subdivision are sufficient to fully fund the amounts
3 computed pursuant to paragraph (1), the local control funding
4 formula grant computed pursuant to subdivision (c) of Section
5 42238.02 shall be adjusted such that any available appropriations
6 for this purpose in that fiscal year are expended pursuant to the
7 local control funding formula.

8 (c) Upon a determination that a school district or charter school
9 equals or exceeds the local control funding formula target
10 computed pursuant to subdivision (j) of Section 42238.02, as
11 determined by the calculation of a zero difference pursuant to
12 paragraph (1) of subdivision (b) of this section, this section shall
13 not apply and the school district or charter school shall receive an
14 allocation equal to the amount calculated under Section 42238.02
15 in that fiscal year and future fiscal years.

16 (d) Notwithstanding subdivisions (b) and (c), commencing with
17 the 2013–14 fiscal year, a school district or charter school shall
18 receive state-aid funding pursuant to paragraph (3) of subdivision
19 (b) of no less than the funding the school district or charter school
20 received from programs in paragraphs (1) and (2) of subdivision
21 (a).

22 (e) (1) For purposes of this section, commencing with the
23 2013–14 fiscal year and until all school districts and charter schools
24 equal or exceed their local control funding formula target computed
25 pursuant to Section 42238.02 as determined by the calculation of
26 a zero difference pursuant to paragraph (1) of subdivision (b), a
27 newly operational charter school shall be determined to have a
28 prior year per average daily attendance funding amount equal to
29 the lesser of:

30 (A) The prior year funding amount per average daily attendance
31 for the school district in which the charter school is physically
32 located. The Superintendent shall calculate the per average daily
33 attendance amount for this purpose by dividing the total local
34 control funding formula entitlement received by that school district
35 in the prior year by prior year average daily attendance of that
36 school district. For purposes of this paragraph, a charter school
37 that is physically located in more than one school district, shall
38 use the calculated per average daily attendance local control
39 funding entitlement of the school district with the highest prior
40 year per average daily attendance funding amount.

1 (B) The charter school's local control funding formula rate
2 computed pursuant to subdivisions (c) to (i), inclusive, of Section
3 42238.02.

4 (2) For charter schools funded pursuant to paragraph (1), the
5 charter school shall be eligible to receive growth funding pursuant
6 to subdivision (b) toward meeting the newly operational charter
7 school's local control funding formula target.

8 (3) Upon a determination that all school districts or charter
9 schools equal or exceed the local control funding formula target
10 computed pursuant to Section 42238.02 as determined by the
11 calculation of a zero difference pursuant to paragraph (1) of
12 subdivision (b) for all school districts and charter schools, this
13 subdivision shall not apply and the charter school shall receive an
14 allocation equal to the amount calculated under Section 42238.02
15 in that fiscal year and future fiscal years.

16 SEC. 135. Section 42238.04 is added to the Education Code,
17 to read:

18 42238.04. Notwithstanding any other law, revenue limit funding
19 for school districts and charter school block grant funding for
20 charter schools for the 2012–13 fiscal year and prior fiscal years
21 shall continue to be adjusted pursuant to Article 2 (commencing
22 with Section 42238), and Article 2 (commencing with Section
23 47633) of Chapter 6 of Part 26.8 of Division 4, as those articles
24 read on June 30, 2013.

25 SEC. 136. Section 42238.05 is added to the Education Code,
26 to read:

27 42238.05. (a) For purposes of Sections 42238.02 and 42238.03,
28 the fiscal year average daily attendance shall be computed pursuant
29 to paragraphs (1) or (2).

30 (1) The second principal apportionment regular average daily
31 attendance for either the current or prior fiscal year, whichever is
32 greater. However, prior fiscal year average daily attendance shall
33 be adjusted for any loss or gain of average daily attendance due
34 to a reorganization or transfer of territory.

35 (2) A school district that elects to receive funding pursuant to
36 Article 4 (commencing with Section 42280) shall compute its units
37 of average daily attendance for purposes of Section 42238.02 by
38 subtracting the amount determined in subparagraph (B) from the
39 amount determined in subparagraph (A).

1 (A) The units of average daily attendance computed pursuant
2 to paragraph (1).

3 (B) The units of average daily attendance resulting from pupils
4 attending schools funded pursuant to Article 4 (commencing with
5 Section 42280).

6 (b) For purposes of this article, regular average daily attendance
7 shall be the base grant average daily attendance.

8 (c) For purposes of this section, the Superintendent shall
9 distribute total ungraded enrollment and average daily attendance
10 among kindergarten and each of grades 1 to 12, inclusive, in
11 proportion to the amounts of graded enrollment and average daily
12 attendance, respectively, in each of these grades.

13 (d) For purposes of this section, the Superintendent shall
14 distribute average daily attendance generated by the difference
15 between prior year average daily attendance and current year
16 average daily attendance, if positive, among kindergarten and each
17 of grades 1 to 12, inclusive, in proportion to the amounts of graded
18 average daily attendance, respectively, in each of these grades.

19 (e) This section shall only apply to average daily attendance
20 generated by school districts and shall not apply average daily
21 attendance generated by charter schools.

22 (f) A pupil shall not be counted more than once for purposes of
23 calculating average daily attendance pursuant to this section.

24 SEC. 137. Section 42238.051 is added to the Education Code,
25 to read:

26 42238.051. (a) For purposes of paragraph (1) of subdivision
27 (a) of Section 42238.05, a sponsoring school district's average
28 daily attendance shall be computed as follows:

29 (1) Compute the sponsoring school district's regular average
30 daily attendance in the current year, excluding the attendance of
31 pupils in charter schools.

32 (2) (A) Compute the regular average daily attendance used to
33 calculate the second principal apportionment of the school district
34 for the prior year, excluding the attendance of pupils in charter
35 schools.

36 (B) Compute the attendance of pupils who attended one or more
37 noncharter schools of the school district between July 1, and the
38 last day of the second period, inclusive, in the prior year, and who
39 attended a charter school sponsored by the school district between
40 July 1, and the last day of the second period, inclusive, in the

1 current year. For purposes of this subparagraph, a pupil enrolled
2 in a grade at a charter school sponsored by the school district shall
3 not be counted if the school district does not offer classes for pupils
4 enrolled in that grade. The amount of the attendance counted for
5 any pupil for the purpose of this subparagraph may not be greater
6 than the attendance claimed for that pupil by the charter school in
7 the current year.

8 (C) Compute the attendance of pupils who attended a charter
9 school sponsored by the school district in the prior year and who
10 attended one or more noncharter schools of the school district in
11 the current year. The amount of the attendance counted for any
12 pupil for the purpose of this subparagraph may not be greater than
13 the attendance claimed for that pupil by the school district in the
14 current year.

15 (D) From the amount determined pursuant to subparagraph (B),
16 subtract the amount determined pursuant to subparagraph (C). If
17 the result is less than zero, the amount shall be deemed to be zero.

18 (E) The prior year average daily attendance determined pursuant
19 to subparagraph (A) shall be reduced by the amount determined
20 pursuant to subparagraph (D).

21 (3) To the greater of the amounts computed pursuant to
22 paragraphs (1) and (2), add the regular average daily attendance
23 in the current year of all pupils attending charter schools sponsored
24 by the school district that are not funded through the charter schools
25 local control funding formula allocation pursuant to Section
26 42238.02, as implemented by Section 42238.03.

27 (b) For purposes of this section, a “sponsoring school district”
28 shall mean a “sponsoring local educational agency,” as defined in
29 Section 47632, as that section read on January 1, 2013.

30 SEC. 138. Section 42238.052 is added to the Education Code,
31 to read:

32 42238.052. (a) Notwithstanding any other law, the prior year
33 average daily attendance for a school district determined pursuant
34 to subdivision (a) of Section 42238.051 shall be increased by the
35 prior year second principal apportionment average daily attendance
36 of a school district only for a school that meets the following
37 description:

38 (1) The school was a district noncharter school in any year
39 before the prior year.

1 (2) The school was operated as a district-approved charter school
2 in the prior year.

3 (3) The school is again operated as a district noncharter school
4 in the current year.

5 (b) An adjustment to prior year average daily attendance
6 pursuant to this section may not be made for the attendance of
7 pupils who were not residents of the school district in the prior
8 year.

9 SEC. 139. Section 42238.053 is added to the Education Code,
10 to read:

11 42238.053. (a) The fiscal year average daily attendance
12 computed under Section 42238.05 shall be increased, for each
13 school district that operates a school that meets the eligibility
14 requirements set forth in subdivision (b), by the number of days
15 of attendance of pupils enrolled in eligible schools in the school
16 district who are currently migratory children, as defined by Section
17 54441, and who are residing in state-operated migrant housing
18 projects between the second principal apportionment and the end
19 of the regular school year, divided by the number of days school
20 was actually taught in the regular day schools of the district,
21 excluding Saturdays and Sundays.

22 (b) For a school district to be eligible for purposes of this
23 section, the following conditions shall apply:

24 (1) One or more state-operated migrant housing projects are
25 located within the attendance area of the school.

26 (2) The maximum number of pupils enrolled in the school in
27 the relevant fiscal year who are currently migratory children, as
28 calculated under subdivision (a), constitutes not less than one-third
29 of the total pupil enrollment of the school.

30 (c) The Superintendent shall establish rules and regulations for
31 the implementation of this section.

32 SEC. 140. Section 42238.1 of the Education Code is repealed.

33 SEC. 141. Section 42238.2 of the Education Code is repealed.

34 SEC. 142. Section 42238.3 of the Education Code is repealed.

35 SEC. 143. Section 42238.4 of the Education Code is repealed.

36 SEC. 144. Section 42238.41 of the Education Code is repealed.

37 SEC. 145. Section 42238.42 of the Education Code is repealed.

38 SEC. 146. Section 42238.43 of the Education Code is repealed.

39 SEC. 147. Section 42238.44 of the Education Code is repealed.

- 1 SEC. 148. Section 42238.445 of the Education Code is
2 repealed.
- 3 SEC. 149. Section 42238.45 of the Education Code is repealed.
- 4 SEC. 150. Section 42238.46 of the Education Code is repealed.
- 5 SEC. 151. Section 42238.48 of the Education Code is repealed.
- 6 SEC. 152. Section 42238.485 of the Education Code is
7 repealed.
- 8 SEC. 153. Section 42238.49 of the Education Code is repealed.
- 9 SEC. 154. Section 42238.5 of the Education Code is repealed.
- 10 SEC. 155. Section 42238.51 of the Education Code is repealed.
- 11 SEC. 156. Section 42238.52 of the Education Code is repealed.
- 12 SEC. 157. Section 42238.53 of the Education Code is repealed.
- 13 SEC. 158. Section 42238.6 of the Education Code is repealed.
- 14 SEC. 159. Section 42238.7 of the Education Code is repealed.
- 15 SEC. 160. Section 42238.75 of the Education Code is repealed.
- 16 SEC. 161. Section 42238.8 of the Education Code is repealed.
- 17 SEC. 162. Section 42238.9 of the Education Code is repealed.
- 18 SEC. 163. Section 42238.95 of the Education Code is repealed.
- 19 SEC. 164. Section 42238.11 of the Education Code is repealed.
- 20 SEC. 165. Section 42238.12 of the Education Code is repealed.
- 21 SEC. 166. Section 42238.13 of the Education Code is repealed.
- 22 SEC. 167. Section 42238.14 of the Education Code is repealed.
- 23 SEC. 168. Section 42238.145 of the Education Code is
24 repealed.
- 25 SEC. 169. Section 42238.146 of the Education Code is
26 repealed.
- 27 SEC. 170. Section 42238.15 of the Education Code is amended
28 to read:
- 29 42238.15. (a) Notwithstanding any other law, and in lieu of
30 any inflation or cost-of-living adjustment otherwise authorized for
31 any of the programs enumerated in subdivision (b), state funding
32 for the programs enumerated in subdivision (b) shall be increased
33 annually by the product of the following:
- 34 (1) The sum of 1.0 plus the percentage change determined under
35 paragraph (2) of subdivision (d) of Section 42238.02.
- 36 (2) The sum of 1.0 plus the percentage of increase, from the
37 prior fiscal year to the current fiscal year, in each of the workload
38 factors described in subdivision (b).

1 (b) The programs for which annual state funding increases are
2 determined under this section, and the factors used to measure
3 workload for each of those programs, are as follows:

4 (1) Special education programs and services, as measured by
5 the regular second principal apportionment average daily
6 attendance for kindergarten and grades 1 to 12, inclusive.

7 (2) Child care and development programs, and preschool
8 programs, as measured by the state population of children up to
9 and including four years of age.

10 (c) Notwithstanding any other law, child care and development
11 programs shall not receive a cost-of-living adjustment in the
12 2012–13, 2013–14, and 2014–15 fiscal years.

13 SEC. 171. Section 42238.17 of the Education Code is repealed.

14 SEC. 172. Section 42238.18 of the Education Code is repealed.

15 SEC. 173. Section 42238.20 of the Education Code is amended
16 to read:

17 42238.20. (a) Notwithstanding any other law, commencing in
18 the 2013–14 fiscal year, the minimum schoolday for a pupil
19 concurrently enrolled in regular secondary school classes and
20 classes operating pursuant to a joint powers agreement that became
21 effective before January 1, 2008, is 180 minutes. These regular
22 secondary school classes constitute regular school classes for the
23 purposes of Section 46010.3.

24 (b) Notwithstanding any other law, for purposes of computing
25 the average daily attendance of a pupil described in subdivision
26 (a), the 180-minute minimum schoolday permitted by this section
27 shall be computed and reported as attendance for three-quarters
28 of the full 240-minute minimum schoolday prescribed by Section
29 46141.

30 (c) For a pupil described in subdivision (a), the average daily
31 attendance shall be included as school district average daily
32 attendance computed pursuant to Section 42238.05.

33 (d) (1) Commencing with the 2013–14 fiscal year, the
34 Superintendent shall compute funding for each pupil enrolled in
35 classes as described in subdivision (a), for the period of time each
36 day during which the pupil attends classes pursuant to a joint
37 powers agreement, by multiplying the annual clock hours of
38 attendance, up to a maximum of three clock hours per schoolday,
39 by the rate described in subdivision (e), as applicable.

(2) The Superintendent shall add the amount computed pursuant to paragraph (1) to the local control funding formula calculated pursuant to Section 42238.02, as implemented by Section 42238.03, for the school district of attendance of the pupil.

(3) A pupil shall not generate apportionment credit pursuant to this subdivision for more than 540 hours in any school year.

(e) The hourly rate for the 2012–13 fiscal year shall be determined as follows:

(1) Subtract 73.3 percent of the school district local control funding formula allocation funding per unit of average daily attendance computed pursuant to Section 42238.02, as implemented by Section 42238.03, for the 2013–14 fiscal year for the school districts that entered into the joint powers agreement from the statewide average local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, funding per unit of average daily attendance.

(2) Divide the amount computed in paragraph (1) by 540.

(f) For purposes of computing attendance pursuant to Section 46300 or any other law, immediate supervision and control of pupils while attending classes pursuant to a joint powers agreement described in subdivision (a) is deemed satisfied regardless of the school district employing the certificated employee providing the supervision and control, provided the school district is a party to the joint powers agreement.

(g) The auditor who conducts the annual audit pursuant to Section 41020 shall verify compliance with this section by each school district that is a party to the joint powers agreement as described in subdivision (a). An instance of noncompliance shall be reported as an audit exception. If the noncompliance is a condition of eligibility for the receipt of funds, the audit report shall include a statement of the number of units of average daily attendance or hours, if any, that were inappropriately reported for apportionment.

(h) Notwithstanding any other law, the number of hours of instruction at regional occupational centers or programs that are claimed for funding pursuant to subdivision (d) shall be used, in addition to the hourly rate determined pursuant to subdivision (e) or (f), whichever subdivision is applicable, in the computation of the average daily attendance of the regional occupational center or program.

1 SEC. 174. Section 42238.23 of the Education Code is repealed.
2 SEC. 175. Section 42238.24 of the Education Code is repealed.
3 SEC. 176. Section 42239 of the Education Code is repealed.
4 SEC. 177. Section 42240 of the Education Code is repealed.
5 SEC. 178. Section 42240.1 of the Education Code is repealed.
6 SEC. 179. Section 42241.3 of the Education Code is repealed.
7 SEC. 180. Section 42241.7 of the Education Code is repealed.
8 SEC. 181. Section 42242 of the Education Code is repealed.
9 SEC. 182. Section 42243.7 of the Education Code is repealed.
10 SEC. 183. Section 42244 of the Education Code is repealed.
11 SEC. 184. Section 42245 of the Education Code is repealed.
12 SEC. 185. Section 42251 of the Education Code is repealed.
13 SEC. 186. Article 3 (commencing with Section 42260) of
14 Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code
15 is repealed.

16 SEC. 187. Section 42280 of the Education Code is amended
17 to read:

18 42280. (a) For each school district that meets, in the current
19 or prior fiscal year, the conditions specified in Section 42281,
20 42282, or 42284 the Superintendent shall compute, for each
21 qualifying school in the school district, an amount pursuant to this
22 article.

23 (b) For each school district that is a countywide unified school
24 district that had fewer than 2,501 units of average daily attendance
25 in the 1990–91 fiscal year, the Superintendent shall compute an
26 amount pursuant to this article for those schools that meet the
27 conditions specified in Sections 42283 and 42285 in the current
28 or prior fiscal year. This subdivision is only applicable to those
29 schools funded pursuant to this article in the 1990–91 fiscal year
30 and, in subsequent years, if the school district has no more than
31 3,000 units of average daily attendance.

32 SEC. 188. Section 42281 of the Education Code is amended
33 to read:

34 42281. Except as specified in paragraph (4), for each
35 elementary school district that maintains only one school with a
36 second principal apportionment average daily attendance of less
37 than 101, the Superintendent shall make one of the following
38 computations, whichever provides the lesser amount:

39 (a) For each small school that has an average daily attendance
40 during the fiscal year of less than 24, exclusive of pupils attending

1 the 7th and 8th grades of a junior high school, and for which school
2 at least one teacher was hired full time, the Superintendent shall
3 compute for the school district fifty-two thousand nine hundred
4 twenty-five dollars (\$52,925).

5 (b) For each small school that has an average daily attendance
6 during the fiscal year of 25 or more and less than 48, exclusive of
7 pupils attending the 7th and 8th grades of a junior high school,
8 and for which school at least two teachers were hired full time for
9 more than one-half of the days schools were maintained, the
10 Superintendent shall compute for the school district one hundred
11 five thousand eight hundred fifty dollars (\$105,850).

12 (c) For each small school that has an average daily attendance
13 during the fiscal year of 49 or more but less than 72, exclusive of
14 pupils attending the 7th and 8th grades of a junior high school,
15 and for which school three teachers were hired full time for more
16 than one-half of the days schools were maintained, the
17 Superintendent shall compute for the school district one hundred
18 fifty-eight thousand seven hundred seventy-five dollars (\$158,775).

19 (d) For each small school that has an average daily attendance
20 during the fiscal year of 73 or more and less than 96, exclusive of
21 pupils attending the 7th and 8th grades of a junior high school,
22 and for which school four teachers were hired full time for more
23 than one-half of the days schools were maintained, the
24 Superintendent shall compute for the school district two hundred
25 eleven thousand seven hundred dollars (\$211,700). A school district
26 that qualifies under this subdivision may use this funding
27 calculation until the local control funding formula allocation
28 pursuant to Section 42238.02, as implemented by Section 42238.03,
29 per unit of average daily attendance multiplied by the average daily
30 attendance produces state aid equal to the small school funding
31 formula.

32 SEC. 189. Section 42282 of the Education Code is amended
33 to read:

34 42282. For each district with fewer than 2,501 units of second
35 principal apportionment average daily attendance, on account of
36 each necessary small school, the Superintendent shall make the
37 following computations:

38 (a) For each necessary small school which has an average daily
39 attendance during the fiscal year of less than 24, exclusive of pupils
40 attending the 7th and 8th grades of a junior high school, and for

1 which school at least one teacher was hired full time, the
2 Superintendent shall compute for the school district fifty-two
3 thousand nine hundred twenty-five dollars (\$52,925).

4 (b) For each necessary small school which has an average daily
5 attendance during the fiscal year of 25 or more and less than 48,
6 exclusive of pupils attending the 7th and 8th grades of a junior
7 high school, and for which school at least two teachers were hired
8 full time for more than one-half of the days schools were
9 maintained, the Superintendent shall compute for the school district
10 one hundred five thousand eight hundred fifty dollars (\$105,850).

11 (c) For each necessary small school which has an average daily
12 attendance during the fiscal year of 49 or more, but less than 72,
13 exclusive of pupils attending the 7th and 8th grades of a junior
14 high school, and for which school three teachers were hired full
15 time for more than one-half of the days schools were maintained,
16 the Superintendent shall compute for the school district one
17 hundred fifty-eight thousand seven hundred seventy-five dollars
18 (\$158,775).

19 (d) For each necessary small school which has an average daily
20 attendance during the fiscal year of 73 or more and less than 96,
21 exclusive of pupils attending the 7th and 8th grades of a junior
22 high school, and for which school four teachers were hired full
23 time for more than one-half of the days schools were maintained,
24 the Superintendent shall compute for the school district two
25 hundred eleven thousand seven hundred dollars (\$211,700).

26 (e) A school district that qualifies under this section may use
27 this funding calculation until the local control funding formula
28 allocation pursuant to Section 42238.02, as implemented by Section
29 42238.03, per unit of average daily attendance multiplied by the
30 average daily attendance produces state aid equal to the small
31 school funding formula.

32 SEC. 190. Section 42282.1 of the Education Code is repealed.

33 SEC. 191. Section 42283 of the Education Code is amended
34 to read:

35 42283. (a) For purposes of Sections 42281 and 42282, a
36 “necessary small school” is an elementary school with an average
37 daily attendance of less than 101, exclusive of pupils attending the
38 7th and 8th grades of a junior high school, maintained by a school
39 district to which school any of the following conditions apply:

(1) If as many as five pupils residing in the school district and attending kindergarten and grades 1 to 8, inclusive, exclusive of pupils attending the 7th and 8th grades of a junior high school in the elementary school with an average daily attendance of less than 101 would be required to travel more than 10 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.

(2) If as many as 15 pupils residing in the school district and attending kindergarten and grades 1 to 8, inclusive, exclusive of pupils attending the 7th and 8th grades of a junior high school in the elementary school with an average daily attendance of less than 101 would be required to travel more than five miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.

(3) If topographical or other conditions exist in a school district which would impose unusual hardships if the number of miles specified in paragraph (1) or (2) were required to be traveled, or if during the fiscal year the roads which would be traveled have been impassable for more than an average of two weeks per year for the preceding five years, the governing board of the school district may, on or before April 1, request the Superintendent, in writing, for an exemption from these requirements or for a reduction in the miles required. The request shall be accompanied by a statement of the conditions upon which the request is based, giving the information in a form required by the Superintendent. The Superintendent shall cause an investigation to be made, and shall either grant the request to the extent he or she deems necessary, or deny the request.

(b) For purposes of this section, “other public elementary school” is a public school, including a charter school, that serves kindergarten or any of grades 1 to 8, inclusive, exclusive of grades 7 and 8 of a junior high school.

SEC. 192. Section 42283.1 of the Education Code is repealed.

SEC. 193. Section 42283.2 of the Education Code is repealed.

SEC. 194. Section 42284 of the Education Code is amended to read:

42284. (a) For each district with fewer than 2,501 units of average daily attendance, on account of each necessary small high school, the Superintendent shall make one of the following computations selected with regard only to the number of

certificated employees employed or average daily attendance, whichever provides the lesser amount:

Average daily attendance	Minimum number of certificated employees	Amount to be computed
1-19	less than 3	\$42,980
		per teacher
1-19	3	191,340
20-38	4	234,320
39-57	5	277,300
58-71	6	320,280
72-86	7	363,260
87-100	8	406,240
101-114	9	449,220
115-129	10	492,200
130-143	11	535,180
144-171	12	578,160
172-210	13	621,140
211-248	14	664,120
249-286	15	707,100

(b) For purposes of this section, a “certificated employee” means an equivalent full-time position of an individual holding a credential authorizing service and providing service in grades 9 to 12, inclusive, in any secondary school. Any fraction of an equivalent full-time position remaining after all equivalent full-time positions for certificated employees within the district have been calculated shall be deemed to be a full-time position.

(c) A school district that qualifies under this section may use the funding calculation as provided in this section until the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the funding provided under this section.

SEC. 195. Section 42285 of the Education Code is amended to read:

1 42285. (a) For purposes of Section 42284, a necessary small
2 high school is a high school with an average daily attendance of
3 less than 301 that comes within any of the following conditions:

4 (1) The projection of its future enrollment on the basis of the
5 enrollment of the elementary schools in the district shows that
6 within eight years the enrollment in high school in grades 9 to 12,
7 inclusive, will exceed 300 pupils.

8 (2) Any one of the following combinations of distance and units
9 of average daily attendance applies:

10 (A) The high school had an average daily attendance of less
11 than 100 in grades 9 to 12, inclusive, during the preceding fiscal
12 year and is more than 15 miles by well-traveled road from the
13 nearest other public high school and either 90 percent of the pupils
14 would be required to travel 20 miles or 25 percent of the pupils
15 would be required to travel 30 miles one way from a point on a
16 well-traveled road nearest their homes to the nearest other public
17 high school.

18 (B) The high school had an average daily attendance of 100 or
19 more and less than 150 in grades 9 to 12, inclusive, during the
20 preceding fiscal year and is more than 10 miles by well-traveled
21 road from the nearest other public high school and either 90 percent
22 of the pupils would be required to travel 18 miles or 25 percent of
23 the pupils would be required to travel 25 miles one way from a
24 point on a well-traveled road nearest their homes to the nearest
25 other public high school.

26 (C) The high school had an average daily attendance of 150 or
27 more and less than 200 in grades 9 to 12, inclusive, during the
28 preceding fiscal year and is more than 7 ½ miles by well-traveled
29 road from the nearest other public high school and either 90 percent
30 of the pupils would be required to travel 15 miles or 25 percent of
31 the pupils would be required to travel 20 miles one way from a
32 point on a well-traveled road nearest their homes to the nearest
33 other public high school.

34 (D) The high school had an average daily attendance of 200 or
35 more and less than 301 in grades 9 to 12, inclusive, during the
36 preceding fiscal year and is more than five miles by well-traveled
37 road from the nearest other public high school and either 90 percent
38 of the pupils would be required to travel 10 miles or 25 percent of
39 the pupils would be required to travel 15 miles to the nearest other
40 public high school.

1 (3) Topographical or other conditions exist in the school district
2 which would impose unusual hardships on the pupils if the number
3 of miles specified above were required to be traveled. In these
4 cases, the Superintendent may, when requested, and after
5 investigation, grant exceptions from the distance requirements.

6 (4) The Superintendent has approved the recommendation of a
7 county committee on school district organization designating one
8 of two or more schools as necessary isolated schools in a situation
9 where the schools are operated by two or more school districts and
10 the average daily attendance of each of the schools is less than 301
11 in grades 9 to 12, inclusive.

12 (b) For purposes of Section 42284, a necessary small high school
13 also includes a high school maintained by a school district for the
14 exclusive purpose of educating juvenile hall pupils or pupils with
15 exceptional needs.

16 (c) For purposes of Section 42284, a necessary small high school
17 does not include a continuation school.

18 (d) For purposes of this section, “other public high school” is
19 a public school, including a charter school, that serves any of
20 grades 9 to 12, inclusive, or grades 7 and 8 in a junior high school.

21 SEC. 196. Section 42285.1 of the Education Code is repealed.

22 SEC. 197. Section 42285.4 of the Education Code is repealed.

23 SEC. 198. Section 42285.5 of the Education Code is amended
24 to read:

25 42285.5. (a) For purposes of subdivision (a) of Section 42284
26 and Section 42285, a school district may include average daily
27 attendance in grades 7 and 8 and the instructors of grade 7 and 8
28 pupils in the calculation of average daily attendance and number
29 of certificated employees employed.

30 (b) Notwithstanding Sections 42284 and 42285, for purposes
31 of this section, with respect to a school district eligible to utilize
32 subdivision (a), any references to grades 9 to 12, inclusive, in
33 Sections 42284 and 42285 shall be deemed instead to be references
34 to grades 7 to 12, inclusive.

35 SEC. 199. Section 42286 of the Education Code is amended
36 to read:

37 42286. (a) Except as required under subdivision (b), if a high
38 school is determined to be a necessary small high school under
39 Section 42285, that status shall not be changed except as a review
40 of the determinative factors made every two years following the

1 date of the determination indicates that the determination should
2 be changed.

3 (b) If a high school is determined to be a necessary small high
4 school under paragraph (3) of subdivision (b) of Section 42285,
5 that status shall not be changed except as a review of the
6 determinative factors made every two years following the date of
7 the determination indicates that the determination should be
8 changed.

9 (c) A high school that has not been determined to be a necessary
10 small high school under Section 42285, may be determined to be
11 a necessary small high school at the beginning of a fiscal year if
12 it meets the criteria specified in Section 42285.

13 SEC. 200. Section 42287 of the Education Code is amended
14 to read:

15 42287. Commencing with the 2013–14 fiscal year, the
16 Superintendent shall increase the funding amounts specified in
17 Sections 42281, 42282, and 42284 by an amount proportionate to
18 the increase in the statewide average local control funding formula
19 allocations pursuant to Section 42238.02, as implemented by
20 Section 42238.03, for the then current fiscal year. For the 1984–85
21 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent
22 shall increase the funding amounts specified in Sections 42281,
23 42282, and 42284 by an amount proportionate to the increase
24 applied to the statewide average revenue limit for unified school
25 districts for the then current fiscal year.

26 SEC. 201. Section 42289 of the Education Code is repealed.

27 SEC. 202. Section 42289.1 of the Education Code is repealed.

28 SEC. 203. Section 42289.2 of the Education Code is repealed.

29 SEC. 204. Section 42289.3 of the Education Code is repealed.

30 SEC. 205. Section 42289.4 of the Education Code is repealed.

31 SEC. 206. Section 42289.5 of the Education Code is repealed.

32 SEC. 207. Section 42289.6 of the Education Code is repealed.

33 SEC. 208. Article 4.5 (commencing with Section 42290) of
34 Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code
35 is repealed.

36 SEC. 209. Article 4.7 (commencing with Section 42300) of
37 Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code
38 is repealed.

39 SEC. 210. Section 42401 of the Education Code is amended
40 to read:

1 42401. (a) Revenues from any transactions and use tax
2 imposed pursuant to Chapter 3.5 (commencing with Section
3 7288.1) of Part 1.7 of Division 2 of the Revenue and Taxation
4 Code shall not be considered “allocated local proceeds of taxes”
5 pursuant to Section 41202 of the Education Code or paragraph (2)
6 of subdivision (b) of Section 8 of Article XVI of the California
7 Constitution.

8 (b) Revenues derived from any transactions and use tax imposed
9 pursuant to Chapter 3.5 (commencing with Section 7288.1) of Part
10 1.7 of Division 2 of the Revenue and Taxation Code shall
11 supplement, and shall not be offset against, the allocations made
12 pursuant to Section 2575 or 42238.02, as implemented pursuant
13 to Section 42238.03, of the Education Code.

14 SEC. 211. Section 42604 of the Education Code is repealed.

15 SEC. 212. Section 42605 of the Education Code is repealed.

16 SEC. 213. Section 42606 of the Education Code is repealed.

17 SEC. 214. Section 42800 of the Education Code is amended
18 to read:

19 42800. (a) The governing board of a school district may, with
20 the consent of the county superintendent of schools, establish a
21 revolving cash fund for the use of the chief accounting officer of
22 the school district, by adopting a resolution setting forth the
23 necessity for the revolving cash fund, the officer for whom and
24 the purposes for which the revolving cash fund shall be available,
25 and the amount of the fund. The purposes for which the revolving
26 cash fund shall be available shall include the purposes specified
27 in Section 45167. Three certified copies of the resolution shall be
28 transmitted to the county superintendent of schools. If he approves
29 the establishment of the fund, the county superintendent shall
30 endorse his consent on the resolution and return one copy to the
31 governing body of the school district, and transmit one copy to the
32 county auditor.

33 (b) The maximum amount allowed for revolving cash funds
34 established pursuant to subdivision (a) shall be the lesser of:

35 (1) Two percent of the district’s estimated expenditures for the
36 current fiscal year, or

37 (2) A dollar amount limit of seventy-five thousand dollars
38 (\$75,000) for any elementary school or high school district and
39 one hundred fifty thousand dollars (\$150,000) for any unified
40 school district for fiscal year 1990–91. The dollar amount limit

1 for each school district shall thereafter be increased annually by
2 the percentage increase in the school district's local control funding
3 formula allocation established pursuant to Section 42238.02, as
4 implemented pursuant to Section 42238.03.

5 SEC. 215. Chapter 11.3 (commencing with Section 42920) of
6 Part 24 of Division 3 of Title 2 of the Education Code is repealed.

7 SEC. 216. Chapter 11.5 (commencing with Section 42950) of
8 Part 24 of Division 3 of Title 2 of the Education Code is repealed.

9 SEC. 217. Chapter 12 (commencing with Section 43001.5) of
10 Part 24 of Division 3 of Title 2 of the Education Code is repealed.

11 SEC. 218. Section 44279.2 of the Education Code is amended
12 to read:

13 44279.2. (a) The Superintendent and the commission shall
14 jointly administer the California Beginning Teacher Support and
15 Assessment System pursuant to this chapter. In administering this
16 section, the Superintendent and the commission shall provide or
17 contract for the provision of all of the following:

18 (1) Establishing requirements for reviewing and approving
19 teacher induction programs.

20 (2) Developing and administering a system for ensuring teacher
21 induction program quality and effectiveness. For purposes of this
22 section, "program effectiveness" means producing excellent
23 program outcomes in relation to the purposes defined in subdivision
24 (b) of Section 44279.1. For purposes of this section, "program
25 quality" means excellence with respect to program factors,
26 including, but not limited to, all of the following:

27 (A) Program goals.

28 (B) Design resources.

29 (C) Management, evaluation, and improvement of the program.

30 (D) School context and working conditions.

31 (E) Support and assessment services to each beginning teacher.

32 (3) Developing purposes and functions for reviewing and
33 approving supplemental grants and standards for program clusters
34 and program consultants, as defined pursuant to Section 44279.7.

35 (4) Improving and refining the formative assessment system.

36 (5) Improving and refining professional development materials
37 and strategies for all personnel involved in implementing induction
38 programs.

39 (6) Conducting and tracking research related to beginning
40 teacher induction.

(7) Periodically evaluating the validity of the California Standards for the Teaching Profession adopted by the commission and the Standards of Quality and Effectiveness for Beginning Teacher Support and Assessment Program adopted by the commission and making changes to those documents, as necessary.

(b) As part of the California Beginning Teacher Support and Assessment System, the commission and the Superintendent shall establish requirements for local teacher induction programs.

(c) A school district or consortium of school districts may establish a local teacher induction program pursuant to this section that shall, at a minimum, meet all of the following requirements:

(1) Develop, implement, and evaluate teacher induction programs that meet the Quality and Effectiveness for Beginning Teacher Induction Program Standards adopted by the commission.

(2) Support beginning teachers in meeting the competencies described in the California Standards for the Teaching Profession adopted by the commission.

(3) Meet criteria for the cost-effective delivery of program services.

SEC. 219. Section 44279.25 of the Education Code is amended to read:

44279.25. (a) In consultation with the Superintendent, the commission shall revise the formative assessment system for beginning teachers, as necessary to ensure that related tasks and activities are aligned to the revised standards adopted pursuant to subdivision (c).

(b) The Superintendent and the commission shall identify effective practices and techniques and provide for the dissemination of these to local induction program providers.

(c) Immediately following the adoption by the commission of revised standards the commission shall review induction programs to determine whether local teacher induction programs are meeting standards of quality and effectiveness and to assure greater program quality and consistency. The commission shall schedule regular reviews following the initial review of programs pursuant to this subdivision.

(d) The Superintendent and the commission shall ensure that teacher credential candidates are notified of the opportunity to choose an early completion option pursuant to Section 44468.

1 SEC. 220. Section 44279.7 of the Education Code is amended
2 to read:

3 44279.7. (a) The Superintendent and the commission shall
4 designate each school district and consortium of school districts
5 participating in the Beginning Teacher Support and Assessment
6 System established pursuant to Section 44279.2 as belonging to a
7 cluster according to the criteria established pursuant to this
8 subdivision. For purposes of this section “cluster” means a cluster
9 of school districts or consortium of school districts established
10 pursuant this section. The Superintendent and the commission
11 shall establish criteria for the formation of school districts or
12 consortiums of school district teacher induction program clusters
13 based upon, but not necessarily be limited to, all of the following:

- 14 (1) Geographic proximity.
- 15 (2) Program size.
- 16 (3) The number of beginning teachers served.
- 17 (4) The similarity of teacher characteristics and pupil populations
18 in each school district.

19 (b) School districts and consortiums of school districts may
20 identify a teacher induction program consultant to assist the school
21 district or consortiums of school districts forming a cluster. The
22 Superintendent and the commission shall identify the purpose and
23 functions of each consultant. Those purposes and functions shall
24 include, but not necessarily be limited to, all the following:

- 25 (1) Assisting in designing, implementing, refining, and
26 evaluating their teacher induction programs.
- 27 (2) Assisting in building the capacity to provide professional
28 development for all personnel involved in the implementation of
29 teacher induction programs, including, but not limited to, beginning
30 teachers, support providers, and administrators.
- 31 (3) Disseminating information on teacher induction programs
32 to all interested participants within the cluster and collaborating
33 with other consultants statewide and with state administrative
34 agency staff to ensure ongoing program improvement.

35 SEC. 221. Section 44320 of the Education Code is amended
36 to read:

37 44320. (a) Professional preparation, including student teaching,
38 shall be made available in the upper division course offerings at
39 all California public institutions of higher learning, except the
40 California Maritime Academy and the Hastings College of the

1 Law. No more than nine semester units, or the equivalent, of
2 professional education courses may be designated as prerequisites
3 for purposes of admission to student teaching, except that, to satisfy
4 the English language requirement as set forth in paragraph (3) of
5 subdivision (b) of Section 44259, candidates may be required to
6 take 12 semester units, or the equivalent, as professional education
7 prerequisites to student teaching.

8 (b) The commission shall encourage postsecondary institutions
9 that offer programs of professional preparation to collaborate with
10 school districts, county offices of education, and professional
11 organizations in the design and delivery of local programs to
12 function as part of the California beginning teacher support and
13 assessment program pursuant to Section 44279.2. If local
14 educational agencies and institutions of higher education
15 voluntarily agree to implement the program, the following
16 provisions shall apply to each collaborative effort:

17 (1) Postsecondary institutions and local education agencies shall
18 coordinate and articulate the program of professional preparation
19 and the beginning teacher support and assessment program, so the
20 two programs provide continuity in the preparation, support, and
21 assessment of beginning teachers.

22 (2) At the discretion of a postsecondary institution that
23 participates in a collaborative effort, the program of professional
24 preparation may be submitted to the commission for approval as
25 a program of preparation, support, and assessment that is at least
26 two years long.

27 (3) In each program of preparation, support, and assessment,
28 the postsecondary institution shall make it possible for each
29 candidate to complete all requirements for a valid teaching
30 credential in the equivalent of one year of full-time study.

31 (4) A postsecondary institution that participates in a
32 collaborative effort may, at its discretion, determine that successful
33 completion of the support and assessment components of an
34 articulated program of professional preparation, support, and
35 assessment fulfills some or all of the requirements of subdivision
36 (c) of Section 44259, and may accordingly recommend applicants
37 for the professional teaching credential. The standards and criteria
38 for making these determinations and recommendations shall be
39 included in the institution's proposal for a program.

1 (5) A local educational agency that collaborates, at its own
2 discretion, with a postsecondary education institution in the design
3 and delivery of an articulated program of professional preparation,
4 support, and assessment that meets the standards and criteria
5 pursuant to subdivision (c) of Section 44279.2, may contract with
6 the postsecondary institution to pay the institution's costs of
7 designing and delivering the support and assessment components
8 of the program.

9 (c) Local educational agencies that are approved by the
10 commission to provide programs of personalized preparation to
11 candidates for designated subjects teaching credentials are
12 encouraged to participate in the design and delivery of local
13 programs under the California beginning teacher support and
14 assessment program pursuant to Article 4.5 (commencing with
15 Section 44279.2), in a manner consistent with subdivision (b).

16 (d) Before admission to either student teaching under any
17 professional preparation program approved by the commission,
18 or participation in a field experience program as described in
19 Section 44324, a candidate for a credential shall obtain a certificate
20 of clearance from the commission which shall be issued when the
21 commission has verified the candidate's personal identification
22 and health status. The fee for the certificate of clearance shall not
23 exceed one-half of the regular fee for a credential and shall be
24 deducted from the fee for the initial credential applied for by the
25 certificate holder.

26 SEC. 222. Section 44328 of the Education Code is amended
27 to read:

28 44328. (a) Unless the commission determines that substantial
29 evidence exists that a person is unqualified to teach, upon the
30 completion of successful service as a district intern pursuant to
31 subdivision (b) of Section 44325, and upon the recommendation
32 of the school district governing board, the commission shall award
33 preliminary credentials to district interns in the same manner as
34 applicants recommended for credentials by institutions that operate
35 approved programs of professional preparation.

36 (b) Notwithstanding paragraphs (1) and (2) of subdivision (a)
37 of Section 44225, paragraphs (3), (4), (5), and (6) of subdivision
38 (b) of Section 44259, paragraphs (1), (2), (3), and (4) of subdivision
39 (c) of Section 44259, and Sections 44261, 44265, and 44335, upon
40 recommendation by the governing board, district interns shall be

1 issued preliminary credentials, upon the completion of successful
2 service as a teacher pursuant to subdivision (b) of Section 44325,
3 unless the governing board recommends, and the commission finds
4 substantial evidence, that the person is not qualified to teach. A
5 school district may require a district intern who is pursuing a clear
6 credential to complete an approved induction program if funds are
7 available or approved coursework in accordance with paragraph
8 (5) of subdivision (c) of Section 44259.

9 (c) Notwithstanding Section 44261, the preliminary credential
10 awarded to any district intern holding a district intern credential
11 to teach bilingual education classes shall be a basic teaching
12 credential with a bilingual-crosscultural language and academic
13 development emphasis. Notwithstanding Section 44265, the
14 preliminary credential awarded to any district intern who holds a
15 district intern credential to teach special education pupils shall be
16 a special education specialist instruction credential that authorizes
17 the holder to teach special education pupils.

18 (d) It is the intent of the Legislature that institutions of higher
19 education that operate approved programs of professional
20 preparation work cooperatively with school districts that offer
21 district intern programs for a special education specialist credential
22 to apply the regular education coursework and fieldwork from the
23 special education district intern program toward earning a multiple
24 or single subject teaching credential through the institution.

25 SEC. 223. Article 11 (commencing with Section 44380) of
26 Chapter 2 of Part 25 of Division 3 of Title 2 of the Education Code
27 is repealed.

28 SEC. 224. Article 12 (commencing with Section 44390) of
29 Chapter 2 of Part 25 of Division 3 of Title 2 of the Education Code
30 is repealed.

31 SEC. 225. Article 13 (commencing with Section 44395) of
32 Chapter 2 of Part 25 of Division 3 of Title 2 of the Education Code
33 is repealed.

34 SEC. 226. Article 4.5 (commencing with Section 44500) of
35 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
36 is repealed.

37 SEC. 227. Article 5 (commencing with Section 44520) of
38 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
39 is repealed.

1 SEC. 228. Article 6 (commencing with Section 44560) of
2 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
3 is repealed.

4 SEC. 229. Article 7 (commencing with Section 44570) of
5 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
6 is repealed.

7 SEC. 230. Article 8 (commencing with Section 44580) of
8 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
9 is repealed.

10 SEC. 231. Article 10 (commencing with Section 44630) of
11 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
12 is repealed.

13 SEC. 232. Article 10.5 (commencing with Section 44645) of
14 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
15 is repealed.

16 SEC. 233. Article 10.6 (commencing with Section 44650) of
17 Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code
18 is repealed.

19 SEC. 234. Article 3 (commencing with Section 44681) of
20 Chapter 3.1 of Part 25 of Division 3 of Title 2 of the Education
21 Code is repealed.

22 SEC. 235. Chapter 3.3 (commencing with Section 44700) of
23 Part 25 of Division 3 of Title 2 of the Education Code is repealed.

24 SEC. 236. Chapter 3.33 (commencing with Section 44720) of
25 Part 25 of Division 3 of Title 2 of the Education Code is repealed.

26 SEC. 237. Chapter 3.34 (commencing with Section 44730) of
27 Part 25 of Division 3 of Title 2 of the Education Code is repealed.

28 SEC. 238. Chapter 3.36 (commencing with Section 44735) of
29 Part 25 of Division 3 of Title 2 of the Education Code is repealed.

30 SEC. 239. Chapter 3.45 (commencing with Section 44755) of
31 Part 25 of Division 3 of Title 2 of the Education Code is repealed.

32 SEC. 240. Chapter 3.5 (commencing with Section 44760) of
33 Part 25 of Division 3 of Title 2 of the Education Code is repealed.

34 SEC. 241. Section 44944 of the Education Code is amended
35 to read:

36 44944. (a) (1) In a dismissal or suspension proceeding initiated
37 pursuant to Section 44934, if a hearing is requested by the
38 employee, the hearing shall be commenced within 60 days from
39 the date of the employee's demand for a hearing. The hearing shall
40 be initiated, conducted, and a decision made in accordance with

Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. However, the hearing date shall be established after consultation with the employee and the governing board of the school district, or their representatives, and the Commission on Professional Competence shall have all of the power granted to an agency in that chapter, except that the right of discovery of the parties shall not be limited to those matters set forth in Section 11507.6 of the Government Code but shall include the rights and duties of any party in a civil action brought in a superior court under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure. Notwithstanding any provision to the contrary, and except for the taking of oral depositions, no discovery shall occur later than 30 calendar days after the employee is served with a copy of the accusation pursuant to Section 11505 of the Government Code. In all cases, discovery shall be completed before seven calendar days before the date upon which the hearing commences. If a continuance is granted pursuant to Section 11524 of the Government Code, the time limitation for commencement of the hearing as provided in this subdivision shall be extended for a period of time equal to the continuance. However, the extension shall not include that period of time attributable to an unlawful refusal by either party to allow the discovery provided for in this section.

(2) If the right of discovery granted under paragraph (1) is denied by either the employee or the governing board of the school district, all of the remedies in Chapter 7 (commencing with Section 2023.010) of Title 4 of Part 4 of the Code of Civil Procedure shall be available to the party seeking discovery and the court of proper jurisdiction, to entertain his or her motion, shall be the superior court of the county in which the hearing will be held.

(3) The time periods in this section and of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code and of Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure shall not be applied so as to deny discovery in a hearing conducted pursuant to this section.

(4) The superior court of the county in which the hearing will be held may, upon motion of the party seeking discovery, suspend the hearing so as to comply with the requirement of the preceding paragraph.

(5) No witness shall be permitted to testify at the hearing except upon oath or affirmation. No testimony shall be given or evidence introduced relating to matters that occurred more than four years before the date of the filing of the notice. Evidence of records regularly kept by the governing board of the school district concerning the employee may be introduced, but no decision relating to the dismissal or suspension of an employee shall be made based on charges or evidence of a nature relating to matters occurring more than four years before the filing of the notice.

(b) (1) The hearing provided for in this section shall be conducted by a Commission on Professional Competence. One member of the commission shall be selected by the employee, one member shall be selected by the governing board of the school district, and one member shall be an administrative law judge of the Office of Administrative Hearings who shall be chairperson and a voting member of the commission and shall be responsible for assuring that the legal rights of the parties are protected at the hearing. If either the governing board of the school district or the employee for any reason fails to select a commission member at least seven calendar days before the date of the hearing, the failure shall constitute a waiver of the right to selection, and the county board of education or its specific designee shall immediately make the selection. If the county board of education is also the governing board of the school district or has by statute been granted the powers of a governing board of a school district, the selection shall be made by the Superintendent, who shall be reimbursed by the school district for all costs incident to the selection.

(2) The member selected by the governing board of the school district and the member selected by the employee shall not be related to the employee and shall not be employees of the school district initiating the dismissal or suspension and shall hold a currently valid credential and have at least five years' experience within the past 10 years in the discipline of the employee.

(c) (1) The decision of the Commission on Professional Competence shall be made by a majority vote, and the commission shall prepare a written decision containing findings of fact, determinations of issues, and a disposition that shall be, solely, one of the following:

(A) That the employee should be dismissed.

1 (B) That the employee should be suspended for a specific period
2 of time without pay.

3 (C) That the employee should not be dismissed or suspended.

4 (2) The decision of the Commission on Professional Competence
5 that the employee should not be dismissed or suspended shall not
6 be based on nonsubstantive procedural errors committed by the
7 school district or governing board of the school district unless the
8 errors are prejudicial errors.

9 (3) The commission shall not have the power to dispose of the
10 charge of dismissal by imposing probation or other alternative
11 sanctions. The imposition of suspension pursuant to subparagraph
12 (B) of paragraph (1) shall be available only in a suspension
13 proceeding authorized pursuant to subdivision (b) of Section 44932
14 or Section 44933.

15 (4) The decision of the Commission on Professional Competence
16 shall be deemed to be the final decision of the governing board of
17 the school district.

18 (5) The board may adopt from time to time rules and procedures
19 not inconsistent with this section as may be necessary to effectuate
20 this section.

21 (6) The governing board of the school district and the employee
22 shall have the right to be represented by counsel.

23 (d) (1) If the member selected by the governing board of the
24 school district or the member selected by the employee is employed
25 by a school district in this state, the member shall, during any
26 service on a Commission on Professional Competence, continue
27 to receive salary, fringe benefits, accumulated sick leave, and other
28 leaves and benefits from the school district in which the member
29 is employed, but shall receive no additional compensation or
30 honorariums for service on the commission.

31 (2) If service on a Commission on Professional Competence
32 occurs during summer recess or vacation periods, the member shall
33 receive compensation proportionate to that received during the
34 current or immediately preceding contract period from the
35 member's employing school district, whichever amount is greater.

36 (e) (1) If the Commission on Professional Competence
37 determines that the employee should be dismissed or suspended,
38 the governing board of the school district and the employee shall
39 share equally the expenses of the hearing, including the cost of the

1 administrative law judge. The employee and the governing board
2 of the school district shall pay their own attorney's fees.

3 (2) If the Commission on Professional Competence determines
4 that the employee should not be dismissed or suspended, the
5 governing board of the school district shall pay the expenses of
6 the hearing, including the cost of the administrative law judge, any
7 costs incurred under paragraph (2) of subdivision (d), the
8 reasonable expenses, as determined by the administrative law
9 judge, of the member selected by the governing board of the school
10 district and the member selected by the employee, including, but
11 not limited to, payments or obligations incurred for travel, meals,
12 and lodging, the cost of the substitute or substitutes, if any, for the
13 member selected by the governing board of the school district and
14 the member selected by the employee, and reasonable attorney's
15 fees incurred by the employee.

16 (3) As used in this section, "reasonable expenses" shall not be
17 deemed "compensation" within the meaning of subdivision (d).

18 (4) If either the governing board of the school district or the
19 employee petitions a court of competent jurisdiction for review of
20 the decision of the commission, the payment of expenses to
21 members of the commission required by this subdivision shall not
22 be stayed.

23 (5) If the decision of the commission is finally reversed or
24 vacated by a court of competent jurisdiction, either the employee,
25 having paid a portion of the expenses of the hearing, including the
26 cost of the administrative law judge, shall be entitled to
27 reimbursement from the governing board of the school district for
28 the expenses, or the governing board of the school district, having
29 paid its portion and the employee's portion of the expenses of the
30 hearing, including the cost of the administrative law judge, shall
31 be entitled to reimbursement from the employee for that portion
32 of the expenses.

33 (f) The hearing provided for in this section shall be conducted
34 in a place selected by agreement among the members of the
35 commission. In the absence of agreement, the place shall be
36 selected by the administrative law judge.

37 SEC. 242. Section 44955.5 of the Education Code is amended
38 to read:

39 44955.5. (a) During the time period between five days after
40 the enactment of the Budget Act and August 15 of the fiscal year

1 to which that Budget Act applies, if the governing board of a school
2 district determines that its total local control funding formula
3 allocation pursuant to Section 42238.02, as implemented by Section
4 42238.03, per unit of average daily attendance for the fiscal year
5 of that Budget Act has not increased by at least 2 percent, and if
6 in the opinion of the governing board of the school district it is
7 therefore necessary to decrease the number of permanent
8 employees in the school district, the governing board of the school
9 district may terminate the services of permanent or probationary
10 certificated employees of the school district, including employees
11 holding a position that requires an administrative or supervisory
12 credential. The termination shall be pursuant to Sections 44951
13 and 44955 but, notwithstanding anything to the contrary in Sections
14 44951 and 44955, in accordance with a schedule of notice and
15 hearing adopted by the governing board of the school district.

16 (b) This section is inoperative from July 1, 2002, to July 1, 2003,
17 inclusive, and from July 1, 2011, to July 1, 2012, inclusive.

18 SEC. 243. Section 45037 of the Education Code is repealed.

19 SEC. 244. Article 8.5 (commencing with Section 45370) of
20 Chapter 5 of Part 25 of Division 3 of Title 2 of the Education Code
21 is repealed.

22 SEC. 245. Section 46010.2 of the Education Code is repealed.

23 SEC. 246. Section 46013 of the Education Code is repealed.

24 SEC. 247. Section 46013.7 of the Education Code is repealed.

25 SEC. 248. Section 46140 of the Education Code is amended
26 to read:

27 46140. A pupil in a high school, other than a pupil enrolled in
28 an evening high school, continuation high school, or continuation
29 education class, shall not be credited with more than one day of
30 attendance in any calendar day and nothing in this article shall be
31 construed to the contrary.

32 SEC. 249. Section 46140.5 of the Education Code is repealed.

33 SEC. 250. Section 46141 of the Education Code is amended
34 to read:

35 46141. The minimum schoolday in a high school is 240
36 minutes, except in an evening high school, an early college high
37 school, a middle college high school, a continuation high school,
38 in continuation education classes, in late afternoon or Saturday
39 occupationally organized vocational training programs conducted
40 under a federally approved plan for vocational education, and for

1 students enrolled in a work experience education program approved
2 under the provisions of Article 7 (commencing with Section 51760)
3 of Chapter 5 of Part 28.

4 SEC. 251. Section 46144 of the Education Code is repealed.

5 SEC. 252. Section 46145 of the Education Code is amended
6 to read:

7 46145. Commencing with the first semester or quarter that
8 begins after January 1, 1984, pupils in grade 12 shall be enrolled
9 in at least five courses each semester or the equivalent number of
10 courses per quarter. If a pupil in grade 12 is required by medical
11 prescription to attend school for less than five courses during the
12 semester or the equivalent number of courses during the quarter,
13 the average daily attendance allowed for that pupil's attendance
14 shall bear the same proportion to one day of attendance as the
15 number of courses in which the pupil is enrolled bears to five or
16 the equivalent number for the quarter system.

17 However, this requirement shall not apply to pupils enrolled in
18 courses at accredited postsecondary educational institutions,
19 independent study, special education programs where the pupil's
20 individualized education program establishes a different number
21 of courses, continuation education classes, work experience
22 education programs approved under the provisions of Article 7
23 (commencing with Section 51760) of Chapter 5 of Part 28, or any
24 other course of study authorized by the governing board of the
25 school district which is equivalent to the approved high school
26 course of study.

27 SEC. 253. Article 7 (commencing with Section 46190) of
28 Chapter 2 of Part 26 of Division 4 of Title 2 of the Education Code
29 is repealed.

30 SEC. 254. Section 46200 of the Education Code is amended
31 to read:

32 46200. For a school district that received an apportionment
33 pursuant to subdivision (a) of this section, as it read on January 1,
34 2013, and that offers less than 180 days of instruction or, in
35 multitrack year-round schools, fewer than the number of days
36 required in subdivision (a) of this section, as it read on January 1,
37 2013, for multitrack year-round schools, in the 2013–14 fiscal
38 year, or any fiscal year thereafter, the Superintendent shall withhold
39 from the school district's local control funding formula grant
40 apportionment pursuant to Section 42238.02, as implemented by

1 Section 42238.03, for the average daily attendance of each affected
2 grade level the sum of 0.0056 multiplied by that apportionment,
3 for each day less than 180, or, in multitrack year-round schools,
4 for each day less than the number of days required in subdivision
5 (a) for year-round schools that the school district offered.

6 SEC. 255. Section 46201 of the Education Code is amended
7 to read:

8 46201. (a) For each school district that received an
9 apportionment pursuant to subdivision (a) of this section, as it read
10 on January 1, 2013, and that reduces the amount of instructional
11 time offered below the minimum amounts specified in subdivision
12 (b), the Superintendent shall withhold from the school district's
13 local control funding formula grant apportionment pursuant to
14 Section 42238.02, as implemented by Section 42238.03, for the
15 average daily attendance of each affected grade level, the sum of
16 that apportionment multiplied by the percentage of the minimum
17 offered minutes at that grade level that the school district failed to
18 offer.

19 (b) Commencing with the 2013–14 fiscal year:

20 (1) Thirty-six thousand minutes in kindergarten.

21 (2) Fifty thousand four hundred minutes in grades 1 to 3,
22 inclusive.

23 (3) Fifty-four thousand minutes in grades 4 to 8, inclusive.

24 (4) Sixty-four thousand eight hundred minutes in grades 9 to
25 12, inclusive.

26 SEC. 256. Section 46201.1 of the Education Code is repealed.

27 SEC. 257. Section 46201.2 of the Education Code is amended
28 to read:

29 46201.2. (a) Commencing with the 2009–10 school year and
30 continuing through the 2012–13 school year, a school district,
31 county office of education, or charter school may reduce the
32 equivalent of up to five days of instruction or the equivalent
33 number of instructional minutes without incurring the penalties
34 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,
35 46202, and 47612.5, as those sections read on January 1, 2013. A
36 school district, county office of education, or charter school shall
37 receive revenue limit funding based on the adjustments prescribed
38 pursuant to Section 42238.146, as it read on January 1, 2013,
39 whether or not it reduces the number of schooldays or instructional
40 minutes.

(b) For the 2013–14 and 2014–15 school years, a school district, county office of education, or charter school may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.

(c) This section shall become inoperative on July 1, 2015, and, as of January 1, 2016, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2016, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 258. Section 46201.3 of the Education Code is repealed.

SEC. 259. Section 46201.6 of the Education Code is repealed.

SEC. 260. Section 46202 of the Education Code is amended to read:

46202. If a school district that does not participate in the program set forth in Sections 46200 to 46206, inclusive, as those sections read on January 1, 2013, offers less instructional time in a fiscal year than the amount of instructional time fixed for the 1982–83 fiscal year, the Superintendent shall withhold for that fiscal year, from the school district’s local control funding formula grant apportionment pursuant to Section 42238.03, as implemented by Section 42238.03, for the average daily attendance of each affected grade level, the amount of that apportionment multiplied by the percentage of instructional minutes fixed in the 1982–83 school year, at that grade level, that the school district failed to offer.

SEC. 261. Section 46203 of the Education Code is repealed.

SEC. 262. Section 46204 of the Education Code is repealed.

SEC. 263. Section 46207 is added to the Education Code, to read:

46207. (a) Notwithstanding Sections 46200 to 46205, inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall, for each fiscal year, offer, at a minimum, the following number of minutes of instruction:

(1) To pupils in kindergarten, 36,000 minutes.

1 (2) To pupils in grades 1 to 3, inclusive, 50,400 minutes.

2 (3) To pupils in grades 4 to 8, inclusive, 54,000 minutes.

3 (4) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

4 (b) For a school district that has met its local control funding
5 formula target that reduces the amount of instructional time offered
6 below the minimum amounts specified in subdivision (a), the
7 Superintendent shall withhold from the school district's local
8 control funding formula apportionment for the average daily
9 attendance of each affected grade level, the sum of that
10 apportionment multiplied by the percentage of the minimum
11 offered minutes at that grade level that the school district failed to
12 offer.

13 (c) Notwithstanding subdivision (a), for the 2013–14 and
14 2014–15 school years, a school district that equals or exceeds its
15 computed local control funding formula target may reduce the
16 equivalent of up to five days of instruction or the equivalent
17 number of instructional minutes without incurring the penalties
18 set forth in this section.

19 SEC. 264. Section 46208 is added to the Education Code, to
20 read:

21 46208. (a) Notwithstanding Sections 46200 to 46205,
22 inclusive, upon a determination that a school district equals or
23 exceeds its local control funding formula target computed pursuant
24 to Section 42238.02 as determined by the calculation of a zero
25 difference pursuant to paragraph (1) of subdivision (b) of Section
26 42238.03, each school district, as a condition of apportionment
27 pursuant to Section 42238.02, as implemented pursuant to Section
28 42238.03, shall offer 180 days or more of instruction per school
29 year. A school operating a multitrack year-round school shall be
30 deemed to be in compliance with the 180-day requirement if it
31 certifies to the Superintendent that it is a multitrack year-round
32 school and maintains its school for a minimum of 163 schooldays.

33 (b) Notwithstanding subdivision (a), for the 2013–14 and
34 2014–15 school years, a school district that equals or exceeds its
35 computed local control funding formula target may reduce the
36 equivalent of up to five days of instruction or the equivalent
37 number of instructional minutes without incurring the penalties
38 set forth in this section.

39 SEC. 265. Section 46300 of the Education Code is amended
40 to read:

1 46300. (a) In computing average daily attendance of a school
2 district or county office of education, there shall be included the
3 attendance of pupils while engaged in educational activities
4 required of those pupils and under the immediate supervision and
5 control of an employee of the school district or county office of
6 education who possessed a valid certification document, registered
7 as required by law.

8 (b) (1) For purposes of a work experience education program
9 in a secondary school that meets the standards of the California
10 State Plan for Career Technical Education, “immediate
11 supervision,” in the context of off-campus work training stations,
12 means pupil participation in on-the-job training as outlined under
13 a training agreement, coordinated by the school district under a
14 state-approved plan, wherein the employer and certificated school
15 personnel share the responsibility for on-the-job supervision.

16 (2) A pupil enrolled in a work experience program shall not be
17 credited with more than one day of attendance per calendar day,
18 and shall be a full-time pupil enrolled in regular classes that meet
19 the requirements of Section 46141 or 46144.

20 (c) (1) For purposes of the rehabilitative schools, classes, or
21 programs described in Section 48917 that require immediate
22 supervision, “immediate supervision” means that the person to
23 whom the pupil is required to report for training, counseling,
24 tutoring, or other prescribed activity shares the responsibility for
25 the supervision of the pupils in the rehabilitative activities with
26 certificated personnel of the school district.

27 (2) A pupil enrolled in a rehabilitative school, class, or program
28 shall not be credited with more than one day of attendance per
29 calendar day.

30 (d) (1) In computing the average daily attendance of a school
31 district, there shall also be included the attendance of pupils
32 participating in independent study conducted pursuant to Article
33 5.5 (commencing with Section 51745) of Chapter 5 of Part 28 for
34 five or more consecutive schooldays.

35 (2) A pupil participating in independent study shall not be
36 credited with more than one day of attendance per calendar day.

37 (e) (1) In computing the average daily attendance of a school
38 district, there shall be included the attendance of pupils in
39 kindergarten after they have completed one school year in
40 kindergarten or pupils in a transitional kindergarten program after

1 they have completed one year in that program if one of the
2 following conditions is met:

3 (A) The school district has on file for each of those pupils an
4 agreement made pursuant to Section 48011, approved in form and
5 content by the department and signed by the pupil's parent or
6 guardian, that the pupil may continue in kindergarten for not more
7 than one additional school year.

8 (B) The pupils participated in a transitional kindergarten
9 program pursuant to subdivision (c) of Section 48000.

10 (2) A school district may not include for apportionment purposes
11 the attendance of any pupil for more than two years in kindergarten
12 or for more than two years in a combination of transitional
13 kindergarten and kindergarten.

14 SEC. 266. Section 46300.1 of the Education Code is amended
15 to read:

16 46300.1. Commencing July 1, 1993, a school district shall not
17 receive school district apportionments pursuant to Section 42238.02
18 for independent study by pupils 21 years of age or older or by
19 pupils 19 years of age or older who have not been continuously
20 enrolled in kindergarten or any of grades 1 to 12, inclusive, since
21 their 18th birthday.

22 SEC. 267. Section 46300.7 of the Education Code is amended
23 to read:

24 46300.7. Notwithstanding any other law, a school district or
25 county office of education shall not receive apportionments for a
26 pupil in independent study unless that entity receives written
27 permission from the parent or guardian of the pupil before the
28 commencement of independent study by that pupil consistent with
29 the requirements for independent study pursuant to Section 51747.

30 SEC. 268. Section 46306 of the Education Code is repealed.

31 SEC. 269. Article 5 (commencing with Section 46351) of
32 Chapter 3 of Part 26 of Division 4 of Title 2 of the Education Code
33 is repealed.

34 SEC. 270. Section 46392 of the Education Code is amended
35 to read:

36 46392. (a) Whenever the average daily attendance of a school
37 district or county office of education, during a fiscal year has been
38 materially decreased during a fiscal year because of any of the
39 following, the fact shall be established to the satisfaction of the
40 Superintendent by affidavits of the members of the governing

1 board of the school district or county office of education, and the
2 county superintendent of schools:

3 (1) Fire.

4 (2) Flood.

5 (3) Impassable roads.

6 (4) An epidemic.

7 (5) An earthquake.

8 (6) The imminence of a major safety hazard as determined by
9 the local law enforcement agency.

10 (7) A strike involving transportation services to pupils provided
11 by a nonschool entity.

12 (8) An order provided for in Section 41422.

13 (b) In the event a state of emergency is declared by the Governor
14 in a county, a decrease in average daily attendance in the county
15 below the approximate total average daily attendance that would
16 have been credited to a school district or county office of education
17 had the state of emergency not occurred shall be deemed material.
18 The Superintendent shall determine the length of the period during
19 which average daily attendance has been reduced by the state of
20 emergency. This period which is determined by the Superintendent
21 shall not extend into the next fiscal year following the declaration
22 of the state of emergency by the Governor, except upon a showing
23 by a school district or county office of education, to the satisfaction
24 of the Superintendent, that extending the period into the next fiscal
25 year is essential to alleviate continued reductions in average daily
26 attendance attributable to the state of emergency.

27 (c) The average daily attendance of the school district or county
28 office of education for the fiscal year shall be estimated by the
29 Superintendent in a manner that credits to the school district or
30 county office of education for determining the apportionments to
31 be made to the school district or county office of education from
32 the State School Fund approximately the total average daily
33 attendance that would have been credited to the school district or
34 county office of education had the emergency not occurred or had
35 the order not been issued.

36 (d) This section applies to any average daily attendance that
37 occurs during any part of a school year.

38 SEC. 271. Section 46602 of the Education Code is amended
39 to read:

1 46602. If the county board of education determines that the
2 pupil should be permitted to attend in the school district in which
3 he or she desires to attend, the pupil shall be admitted to school in
4 the school district without delay and the attendance may be counted
5 by the school district of attendance for local control funding
6 formula allocations pursuant to Section 42238.02, as implemented
7 by Section 42238.03, state apportionment purposes.

8 Written notice of the decision by the county board of education
9 shall be delivered to the pupil and the parent or guardian, or person
10 having custody of him or her, and to the governing boards of the
11 school districts.

12 SEC. 272. Section 46603 of the Education Code is amended
13 to read:

14 46603. For a period not to exceed two school months, the
15 governing board of a school district may provisionally admit to
16 the schools of the school district a pupil who resides in another
17 school district, pending a decision of the two governing boards of
18 the school districts, or by the county board of education upon
19 appeal, regarding the interdistrict attendance.

20 Regardless of whether the decision on interdistrict attendance
21 is allowed, the provisional attendance may be counted by the school
22 district of attendance for local control funding formula allocations
23 pursuant to Section 42238.02, as implemented by Section 42238.03,
24 and state apportionment purposes.

25 SEC. 273. Section 46606 of the Education Code is repealed.

26 SEC. 274. Section 46607 of the Education Code is amended
27 to read:

28 46607. (a) Except as provided in subdivision (b), the average
29 daily attendance for attendance of pupils from another school
30 district shall be credited to the school district of attendance for
31 purposes of determining state apportionments and the local control
32 funding formula allocations pursuant to Section 42238.02, as
33 implemented by Section 42238.03.

34 (b) For a school district that would have a reduction of 25
35 percent or more in its federal grant pursuant to Public Law 81-874
36 if the average daily attendance of pupils residing within the school
37 district were credited to the school district of attendance, then the
38 average daily attendance resulting from an interdistrict attendance
39 agreement shall be credited to the school district of residence and
40 the school district of residence shall pay a tuition to the school

1 district of attendance no later than the next August 31, after the
2 close of the fiscal year pursuant to subdivision (c).

3 (c) For attendance in regular day schools and summer schools
4 the tuition per unit of average daily attendance, if any, shall not
5 exceed the actual cost per unit of average daily attendance for the
6 grade level or program less any income, other than tuition, received
7 by the school district of attendance on account of such attendance.

8 SEC. 275. Section 46610 of the Education Code is amended
9 to read:

10 46610. Notwithstanding any other law, the Fallbrook Union
11 High School District shall enter into an interdistrict attendance
12 agreement with the Capistrano Unified School District to allow
13 any pupil, at the request of his or her parent or guardian, to attend
14 schools of the Capistrano Unified School District when the pupil
15 resides in the San Onofre housing area of the Marine Corps Base,
16 Camp Joseph H. Pendleton. No more than 150 pupils from the
17 Fallbrook Union High School District may attend school in the
18 Capistrano Unified School District pursuant to this interdistrict
19 attendance agreement.

20 The Fallbrook Union High School District shall be credited with
21 the average daily attendance of these pupils for the purpose of
22 determining state apportionments and local control funding formula
23 allocations pursuant to Section 42238.02, as implemented by
24 Section 42238.03, and for the purpose of receiving federal grants
25 pursuant to Public Law 81-874.

26 The Fallbrook Union High School District shall pay tuition to
27 the Capistrano Unified School District for the attendance of these
28 pupils only in the amount of the state apportionments paid to the
29 Fallbrook Union High School District for the attendance of these
30 pupils, plus an amount computed as follows:

31 (a) Divide the amount of funds paid pursuant to Section 3 of
32 Public Law 81-874 (20 U.S.C. 238) to the Fallbrook Union High
33 School District in the current fiscal year by the average daily
34 attendance of the school district in the current fiscal year.

35 (b) Multiply the amount in subdivision (a) by the average daily
36 attendance, for the year of attendance for secondary school pupils
37 attending the schools of the Capistrano Unified School District
38 pursuant to Section 46610.

39 SEC. 276. Section 47604.33 of the Education Code is amended
40 to read:

1 47604.33. (a) Each charter school shall annually prepare and
2 submit the following reports to its chartering authority and the
3 county superintendent of schools, or only to the county
4 superintendent of schools if the county board of education is the
5 chartering authority:

6 (1) On or before July 1, a preliminary budget and a local control
7 and accountability plan adopted pursuant to Section 52065. For a
8 charter school in its first year of operation, the information
9 submitted pursuant to subdivision (g) of Section 47605 satisfies
10 this requirement.

11 (2) On or before December 15, an interim financial report. This
12 report shall reflect changes through October 31.

13 (3) On or before March 15, a second interim financial report.
14 This report shall reflect changes through January 31.

15 (4) On or before September 15, a final unaudited report for the
16 full prior year.

17 (b) The chartering authority shall use any financial information
18 it obtains from the charter school, including, but not limited to,
19 the reports required by this section, to assess the fiscal condition
20 of the charter school pursuant to subdivision (d) of Section
21 47604.32.

22 (c) The cost of performing the duties required by this section
23 shall be funded with supervisorial oversight fees collected pursuant
24 to Section 47613.

25 SEC. 277. Section 47610 of the Education Code is amended
26 to read:

27 47610. A charter school shall comply with this part and all of
28 the provisions set forth in its charter, but is otherwise exempt from
29 the laws governing school districts, except all of the following:

30 (a) As specified in Section 47611.

31 (b) As specified in Section 41365.

32 (c) As specified in Section 52065.

33 (d) All laws establishing minimum age for public school
34 attendance.

35 (e) The California Building Standards Code (Part 2
36 (commencing with Section 101) of Title 24 of the California Code
37 of Regulations), as adopted and enforced by the local building
38 enforcement agency with jurisdiction over the area in which the
39 charter school is located.

(f) Charter school facilities shall comply with subdivision (d) by January 1, 2007.

SEC. 278. Section 47612.7 of the Education Code is repealed.

SEC. 279. Section 47613 of the Education Code is amended to read:

47613. (a) Except as set forth in subdivision (b), a chartering authority may charge for the actual costs of supervisory oversight of a charter school not to exceed 1 percent of the revenue of the charter school.

(b) A chartering authority may charge for the actual costs of supervisory oversight of a charter school not to exceed 3 percent of the revenue of the charter school if the charter school is able to obtain substantially rent free facilities from the chartering authority.

(c) A local agency that is given the responsibility for supervisory oversight of a charter school, pursuant to paragraph (1) of subdivision (k) of Section 47605, may charge for the actual costs of supervisory oversight, and administrative costs necessary to secure charter school funding. A charter school that is charged for costs under this subdivision may not be charged pursuant to subdivision (a) or (b).

(d) This section does not prevent the charter school from separately purchasing administrative or other services from the chartering authority or any other source.

(e) For purposes of this section, a chartering authority means a school district, county board of education, or the state board, that granted the charter to the charter school.

(f) For purposes of this section, "revenue of the charter school" means the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03.

(g) (1) The California Research Bureau of the California State Library shall prepare and submit to the Legislature on or before January 8, 2009, a report on the key elements and actual costs of charter school oversight. For purposes of the report, the bureau shall define fiscal and academic oversight and shall include any financial relationship between a charter school and its chartering authority that has the effect of furthering the operations of the charter school and that may provide opportunities to oversee the charter school. The report, at a minimum, shall address all of the following issues:

1 (A) The range of annual activities that entities providing
2 supervisorial oversight of charter schools are expected to perform.

3 (B) Staff time spent on reviewing charter petitions measured
4 by the size of school districts and the number of charter petitions
5 reviewed.

6 (C) Staff time spent on oversight responsibilities measured by
7 the size of school districts and the number of charter schools.

8 (D) Best practices for charter school oversight measured by
9 efficiency and effectiveness. A cost analysis of those best practices
10 after being measured by efficiency and effectiveness.

11 (E) Comparison of school district costs and revenues attributable
12 to charter school oversight.

13 (F) Administrative services provided to a charter school by a
14 chartering authority, such as human resources, that may be useful
15 in the oversight of the charter school and chartering authority
16 revenues attributable to those services.

17 (G) Length of time required to review a single charter petition.

18 (H) Recommendations for structuring charter school oversight
19 and accountability in California, including an assessment of
20 whether or not the associated costs specified in subdivisions (a)
21 and (b) and subparagraph (F) are adequate to support appropriate
22 supervisorial oversight.

23 (2) In preparing its report, the California Research Bureau shall
24 consult with an advisory panel to ensure technical accuracy.

25 SEC. 280. Section 47613.1 of the Education Code is amended
26 to read:

27 47613.1. The Superintendent shall make both of the following
28 apportionments on behalf of a charter school in a school district
29 in which all schools have been converted to charter schools
30 pursuant to Section 47606 :

31 (a) For each pupil enrolled in the charter school who is entitled
32 to special education services, the state and federal funds for special
33 education services for that pupil that would have been apportioned
34 for that pupil to the school district to which the charter petition
35 was submitted.

36 (b) Funds for the programs described in Sections 63000 and
37 64000, to the extent that any pupil enrolled in the charter school
38 is eligible to participate.

39 SEC. 281. Section 47613.2 of the Education Code is repealed.

1 SEC. 282. Section 47630 of the Education Code is amended
2 to read:

3 47630. It is the intent of the Legislature that each charter school
4 be provided with operational funding that is equal to the total
5 funding that would be available to a similar school district serving
6 a similar pupil population, except that a charter school may not be
7 funded as a necessary small school or a necessary small high
8 school.

9 SEC. 283. Section 47630.5 of the Education Code is repealed.

10 SEC. 284. Section 47631 of the Education Code is amended
11 to read:

12 47631. (a) Article 3 (commencing with Section 47636) shall
13 not apply to a charter granted pursuant to Section 47605.5.

14 (b) Notwithstanding subdivision (a), a pupil attending a
15 county-sponsored charter school who is eligible to attend that
16 school solely as a result of parental request pursuant to subdivision
17 (b) of Section 1981 shall be funded pursuant to the local control
18 funding formula pursuant to Section 42238.02, as implemented
19 by Section 42238.03.

20 SEC. 285. Section 47632 of the Education Code is amended
21 to read:

22 47632. For purposes of this chapter, the following terms shall
23 be defined as follows:

24 (a) "General-purpose entitlement" means an amount computed
25 by the local control funding formula pursuant to Section 42238.02,
26 as implemented by Section 42238.03.

27 (b) "General-purpose funding" means those funds that consist
28 of state aid, local property taxes, and other revenues applied toward
29 a school district's local control funding formula, pursuant to
30 Section 42238.02, as implemented by Section 42238.03.

31 (c) "Categorical aid" means aid that consists of state or federally
32 funded programs, or both, which are apportioned for specific
33 purposes set forth in statute or regulation.

34 (d) "Educationally disadvantaged pupils" means those pupils
35 who are eligible for subsidized meals pursuant to Section 49552
36 or are identified as English learners pursuant to subdivision (a) of
37 Section 306, or both.

38 (e) "Operational funding" means all funding except funding for
39 capital outlay.

1 (f) “School district of a similar type” means a school district
2 that is serving similar grade levels.

3 (g) “Similar pupil population” means similar numbers of pupils
4 by grade level, with a similar proportion of educationally
5 disadvantaged pupils.

6 (h) “Sponsoring local educational agency” means the following:

7 (1) If a charter school is granted by a school district, the
8 sponsoring local educational agency is the school district.

9 (2) If a charter is granted by a county office of education after
10 having been previously denied by a school district, the sponsoring
11 local educational agency means the school district that initially
12 denied the charter petition.

13 (3) If a charter is granted by the state board after having been
14 previously denied by a local educational agency, the sponsoring
15 local educational agency means the local educational agency
16 designated by the state board pursuant to paragraph (1) of
17 subdivision (k) of Section 47605 or if a local educational agency
18 is not designated, the local educational agency that initially denied
19 the charter petition.

20 (4) For pupils attending county-sponsored charter schools who
21 are eligible to attend those schools solely as a result of parental
22 request pursuant to subdivision (b) of Section 1981, the sponsoring
23 local educational agency means the pupils’ school district of
24 residence.

25 (5) For pupils attending countywide charter schools pursuant
26 to Section 47605.6 who reside in a basic aid school district, the
27 sponsoring local educational agency means the school district of
28 residence of the pupil. For purposes of this paragraph, “basic aid
29 school district” means a school district that does not receive an
30 apportionment of state funds as described in subdivision (o) of
31 Section 42238.02.

32 SEC. 286. Section 47632.5 of the Education Code is repealed.

33 SEC. 287. Section 47633 of the Education Code is repealed.

34 SEC. 288. Section 47634.1 of the Education Code, as amended
35 by Section 23 of Chapter 2 of the 4th Extraordinary Session of the
36 Statutes of 2009, is repealed.

37 SEC. 289. Section 47634.1 of the Education Code, as added
38 by Section 24 of Chapter 2 of the 4th Extraordinary Session of the
39 Statutes of 2009, is repealed.

1 SEC. 290. Section 47634.3 of the Education Code is amended
2 to read:

3 47634.3. For purposes of Sections 42238.02 and 42238.03, the
4 Superintendent shall compute average daily attendance in each of
5 grades 1 through 12, respectively, as follows:

6 (a) Distribute statewide total ungraded enrollment and average
7 daily attendance among kindergarten and each of grades 1 through
8 12, inclusive, in proportion to the amounts of graded enrollment
9 and average daily attendance, respectively, in each of these grades.

10 (b) Multiply enrollment in each of grades 1 through 12,
11 respectively, by the ratio of average daily attendance to enrollment
12 in the applicable grade range: 1 through 3, inclusive, 4 through 6,
13 inclusive; 7 and 8; and 9 through 12, inclusive.

14 SEC. 291. Section 47634.4 of the Education Code is amended
15 to read:

16 47634.4. (a) A charter school that elects to receive its funding
17 directly, pursuant to Section 47651, may apply individually for
18 federal and state categorical programs, not excluded in this section,
19 but only to the extent it is eligible for funding and meets the
20 provisions of the program. For purposes of determining eligibility
21 for, and allocation of, state or federal categorical aid, a charter
22 school that applies individually shall be deemed to be a school
23 district, except as otherwise provided in this chapter.

24 (b) A charter school that does not elect to receive its funding
25 directly, pursuant to Section 47651, may, in cooperation with its
26 chartering authority, apply for federal and state categorical
27 programs not specified in this section, but only to the extent it is
28 eligible for funding and meets the provisions of the program.

29 (c) Notwithstanding any other law, for the 2006–07 fiscal year
30 and each fiscal year thereafter, a charter school may not apply
31 directly for categorical programs for which services are exclusively
32 or almost exclusively provided by a county office of education.

33 (d) Consistent with subdivision (c), a charter school may not
34 receive direct funding for any of the following county-administered
35 categorical programs:

36 (1) American Indian Education Centers.

37 (2) County Office Fiscal Crisis and Management Assistance
38 Team.

39 (3) The K–12 High Speed Network.

1 (e) A charter school may apply separately for district-level or
2 school-level grants associated with any of the categorical programs
3 specified in subdivision (d).

4 SEC. 292. Section 47635 of the Education Code is amended
5 to read:

6 47635. (a) A sponsoring local educational agency shall
7 annually transfer to each of its charter schools funding in lieu of
8 property taxes equal to the lesser of the following two amounts:

9 (1) The average amount of property taxes per unit of average
10 daily attendance, including average daily attendance attributable
11 to charter schools, received by the local educational agency,
12 multiplied by the charter school's average daily attendance.

13 (2) The statewide average local control funding formula grant
14 funding pursuant to Section 42238.02, as implemented by Section
15 42238.03, per unit of average daily attendance received by school
16 districts, as determined by the department, multiplied by the charter
17 school's average daily attendance in each of the four corresponding
18 grade level ranges: kindergarten and grades 1, 2, and 3; grades 4,
19 5, and 6; grades 7 and 8; and grades 9 to 12, inclusive.

20 (b) The sponsoring local educational agency shall transfer
21 funding in lieu of property taxes to the charter school in monthly
22 installments, by no later than the 15th of each month.

23 (1) For the months of August to February, inclusive, a charter
24 school's funding in lieu of property taxes shall be computed based
25 on the amount of property taxes received by the sponsoring local
26 educational agency during the preceding fiscal year, as reported
27 to the Superintendent for purposes of the second principal
28 apportionment. A sponsoring local educational agency shall transfer
29 to the charter school the charter school's estimated annual
30 entitlement to funding in lieu of property taxes as follows:

31 (A) Six percent in August.

32 (B) Twelve percent in September.

33 (C) Eight percent each month in October, November, December,
34 January, and February.

35 (2) For the months of March to June, inclusive, a charter
36 school's funding in lieu of property taxes shall be computed based
37 on the amount of property taxes estimated to be received by the
38 sponsoring local educational agency during the fiscal year, as
39 reported to the Superintendent for purposes of the first principal
40 apportionment. A sponsoring local educational agency shall transfer

1 to each of its charter schools an amount equal to one-sixth of the
2 difference between the school's estimated annual entitlement to
3 funding in lieu of property taxes and the amounts provided pursuant
4 to paragraph (1). An additional one-sixth of this difference shall
5 be included in the amount transferred in the month of March.

6 (3) For the month of July, a charter school's funding in lieu of
7 property taxes shall be computed based on the amount of property
8 taxes estimated to be received by the sponsoring local educational
9 agency during the prior fiscal year, as reported to the
10 Superintendent for purposes of the second principal apportionment.
11 A sponsoring local educational agency shall transfer to each of its
12 charter schools an amount equal to the remaining difference
13 between the school's estimated annual entitlement to funding in
14 lieu of property taxes and the amounts provided pursuant to
15 paragraphs (1) and (2).

16 (4) Final adjustments to the amount of funding in lieu of
17 property taxes allocated to a charter school shall be made in
18 February, in conjunction with the final reconciliation of annual
19 apportionments to schools.

20 (5) Subdivision (a) and paragraphs (1) to (4), inclusive, do not
21 apply for pupils who reside in, and are otherwise eligible to attend
22 a school in, a basic aid school district, but who attend a charter
23 school in a nonbasic aid school district. With regard to these pupils,
24 the sponsoring basic aid school district shall transfer to the charter
25 school an amount of funds equivalent to the local control funding
26 formula grant pursuant to Section 42238.02, as implemented by
27 Section 42238.03, earned through average daily attendance by the
28 charter school for each pupil's attendance, not to exceed the
29 average property tax share per unit of average daily attendance for
30 pupils residing and attending in the basic aid school district. The
31 transfer of funds shall be made in not fewer than two installments
32 at the request of the charter school, the first occurring not later
33 than February 1 and the second not later than June 1 of each school
34 year. Payments shall reflect the average daily attendance certified
35 for the time periods of the first and second principal
36 apportionments, respectively. The Superintendent may not
37 apportion any funds for the attendance of pupils described in this
38 subdivision unless the amount transferred by the basic aid school
39 district is less than the local control funding formula grant pursuant
40 to Section 42238.02, as implemented by Section 42238.03, earned

1 by the charter school, in which event the Superintendent shall
2 apportion the difference to the charter school from state funds.

3 SEC. 293. Section 47636 of the Education Code is amended
4 to read:

5 47636. (a) This chapter shall not prevent a charter school from
6 negotiating with a local educational agency for a share of
7 operational funding from sources not otherwise set forth in this
8 chapter including, but not limited to, all of the following:

9 (1) Forest reserve revenues and other operational revenues
10 received due to harvesting or extraction of minerals or other natural
11 resources.

12 (2) Sales and use taxes, to the extent that the associated revenues
13 are available for noncapital expenses of public schools.

14 (3) Parcel taxes, to the extent that the associated revenues are
15 available for noncapital expenses of public schools.

16 (4) Ad valorem property taxes received by a school district
17 which exceed its local control funding formula entitlement pursuant
18 to Section 42238.02, as implemented by Section 42238.03.

19 (5) “Basic aid” received by a school district pursuant to Section
20 6 of Article IX of the California Constitution.

21 (b) This section shall become operative July 1, 2006.

22 SEC. 294. Section 47650 of the Education Code is amended
23 to read:

24 47650. A charter school shall be deemed to be a school district
25 for purposes of determining the manner in which warrants are
26 drawn on the State School Fund pursuant to Section 14041. For
27 purposes of Section 14041, a charter school’s “total amount
28 certified” means the state aid portion of the charter school’s total
29 local control funding formula allocation pursuant to Section
30 42238.02, as implemented by Section 42238.03.

31 SEC. 295. Section 47651 of the Education Code is amended
32 to read:

33 47651. (a) A charter school may receive the state aid portion
34 of the charter school’s total local control funding formula allocation
35 pursuant to Section 42238.02, as implemented by Section 42238.03,
36 directly or through the local educational agency that either grants
37 its charter or was designated by the state board.

38 (1) In the case of a charter school that elects to receive its
39 funding directly, the warrant shall be drawn in favor of the county
40 superintendent of schools of the county in which the local

1 educational agency that approved the charter or was designated
2 by the state board as the oversight agency pursuant to paragraph
3 (1) of subdivision (k) of Section 47605 is located, for deposit to
4 the appropriate funds or accounts of the charter school in the county
5 treasury. The county superintendent of schools is authorized to
6 establish appropriate funds or accounts in the county treasury for
7 each charter school.

8 (2) In the case of a charter school that does not elect to receive
9 its funding directly pursuant to Section 47651, the warrant shall
10 be drawn in favor of the county superintendent of schools of the
11 county in which the local educational agency that granted the
12 charter is located or was designated the oversight agency by the
13 state board pursuant to paragraph (1) of subdivision (k) of Section
14 47605, for deposit to the appropriate funds or accounts of the local
15 educational agency.

16 (3) In the case of a charter school, the charter of which was
17 granted by the state board, but for which the state board has not
18 delegated oversight responsibilities pursuant to paragraph (1) of
19 subdivision (k) of Section 47605, the warrant shall be drawn in
20 favor of the county superintendent of schools in the county where
21 the local educational agency is located that initially denied the
22 charter that was later approved by the state board. The county
23 superintendent of schools is authorized to establish appropriate
24 funds or accounts in the county treasury for each charter school.

25 (b) On or before June 1 of each year, a charter school electing
26 to receive its funding directly shall so notify the county
27 superintendent of schools of the county in which the local
28 educational agency that granted the charter is located or, in the
29 case of charters for which the state board has designated an
30 oversight agency pursuant to paragraph (1) of subdivision (k) of
31 Section 47605, the county superintendent of schools of the county
32 in which the designated oversight agency is located. An election
33 to receive funding directly shall apply to all funding that the charter
34 school is eligible to receive including, but not limited to, the local
35 control funding formula allocation pursuant to Section 42238.02,
36 as implemented by Section 42238.03, other state and federal
37 categorical aid, and lottery funds.

38 SEC. 296. Section 47660 of the Education Code is amended
39 to read:

1 47660. For purposes of computing eligibility for, and
2 entitlements to, general purpose funding and operational funding
3 for categorical programs, the enrollment and average daily
4 attendance of a sponsoring local educational agency shall exclude
5 the enrollment and attendance of pupils in its charter schools
6 funded pursuant to this chapter.

7 SEC. 297. Section 47662 of the Education Code is amended
8 to read:

9 47662. For purposes of Section 42238.02, as implemented by
10 Section 42238.03, the property tax revenues received by a
11 sponsoring local educational agency pursuant to Chapter 3.5
12 (commencing with Section 75) and Chapter 6 (commencing with
13 Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation
14 Code shall be reduced by the amount of funding in lieu of property
15 taxes allocated to a charter school or schools pursuant to Section
16 47635.

17 SEC. 298. Section 47663 of the Education Code is amended
18 to read:

19 47663. (a) For a pupil of a charter school sponsored by a basic
20 aid school district who resides in, and is otherwise eligible to
21 attend, a school district other than a basic aid school district, the
22 Superintendent shall apportion to the sponsoring school district
23 an amount equal to 70 percent of the local control funding formula
24 allocations pursuant to Section 42238.02, as implemented by
25 Section 42238.03, per unit of average daily attendance that would
26 have been apportioned to the school district that the pupil resides
27 in and would otherwise have been eligible to attend.

28 (b) A school district that loses basic aid status as a result of
29 transferring property taxes to a charter school or schools pursuant
30 to Section 47635 for pupils who reside in, and are otherwise
31 eligible to attend a school district other than the school district that
32 sponsors the charter school, shall be eligible to receive a pro rata
33 share of funding provided by subdivision (a), with the proration
34 factor calculated as the ratio of the following:

35 (1) The amount of property taxes that the school district receives
36 in excess of its total base grant per unit of average daily attendance
37 calculated pursuant to Section 42238.02, as implemented by
38 Section 42238.03, before any transfers made pursuant to Section
39 47635, except for transfers of in lieu of taxes made for pupils who

1 reside in and would otherwise be eligible to attend a school of the
2 school district.

3 (2) The total amount of in lieu of property taxes transferred
4 pursuant to Section 47635 to the charter school or schools that it
5 sponsors, except for transfer of in lieu of taxes made for pupils
6 who reside in and would otherwise be eligible to attend a school
7 of the school district.

8 (c) In no event shall the amount provided pursuant to this section
9 exceed the amount of in lieu of property taxes transferred on behalf
10 of charter school pupils who do not reside in the school district,
11 less the proportionate amount of base grant state aid provided
12 pursuant to Section 42238.02, as implemented by Section 42238.03,
13 that is attributable to the charter school pupils who do not reside
14 in the school district.

15 (d) The Superintendent shall not apportion funds for the
16 attendance of a pupil in a charter school of a nonbasic aid school
17 district who resides in, and is otherwise eligible to attend school
18 in, a basic aid school district unless the pupil is subject to the
19 exception set forth in paragraph (5) of subdivision (b) of Section
20 47635.

21 (e) For purposes of this section, “basic aid school district” means
22 a school district that does not receive from the state, for any fiscal
23 year in which the subdivision is applied, an apportionment of state
24 funds as described in subdivision (o) of Section 42238.02.

25 SEC. 299. Section 47664 of the Education Code is repealed.

26 SEC. 300. Section 48200.7 of the Education Code is repealed.

27 SEC. 301. Section 48206.3 of the Education Code is amended
28 to read:

29 48206.3. (a) Except for those pupils receiving individual
30 instruction provided pursuant to Section 48206.5, a pupil with a
31 temporary disability which makes attendance in the regular day
32 classes or alternative education program in which the pupil is
33 enrolled impossible or inadvisable shall receive individual
34 instruction provided by the school district in which the pupil is
35 deemed to reside.

36 (b) For purposes of this section and Sections 48206.5, 48207,
37 and 48208, the following terms have the following meanings:

38 (1) “Individual instruction” means instruction provided to an
39 individual pupil in the pupil’s home, in a hospital or other
40 residential health facility, excluding state hospitals, or under other

1 circumstances prescribed by regulations adopted for that purpose
2 by the state board.

3 (2) “Temporary disability” means a physical, mental, or
4 emotional disability incurred while a pupil is enrolled in regular
5 day classes or an alternative education program, and after which
6 the pupil can reasonably be expected to return to regular day classes
7 or the alternative education program without special intervention.
8 A temporary disability shall not include a disability for which a
9 pupil is identified as an individual with exceptional needs pursuant
10 to Section 56026.

11 (c) (1) For purposes of computing average daily attendance
12 pursuant to Section 42238.05, each clock hour of teaching time
13 devoted to individual instruction shall count as one day of
14 attendance.

15 (2) A pupil shall not be credited with more than five days of
16 attendance per calendar week, or more than the total number of
17 calendar days that regular classes are maintained by the school
18 district in a fiscal year.

19 (d) Notice of the availability of individualized instruction shall
20 be given pursuant to Section 48980.

21 SEC. 302. Section 48208 of the Education Code is amended
22 to read:

23 48208. (a) It shall be the primary responsibility of the parent
24 or guardian of a pupil with a temporary disability to notify the
25 school district in which the pupil is deemed to reside pursuant to
26 Section 48207 of the pupil’s presence in a qualifying hospital.

27 (b) Upon receipt of notification pursuant to subdivision (a), a
28 school district shall do all of the following:

29 (1) Within five working days of receipt of the notification,
30 determine whether the pupil will be able to receive individualized
31 instruction, and, if the determination is positive, when the
32 individualized instruction may commence. Individualized
33 instruction shall commence no later than five working days after
34 the positive determination has been rendered.

35 (2) Provide the pupil with individualized instruction pursuant
36 to Section 48206.3. The school district may enter into an agreement
37 with the school district in which the pupil previously attended
38 regular day classes or an alternative education program, to have
39 the school district the pupil previously attended provide the pupil
40 with individualized instruction pursuant to Section 48206.3.

(3) Within five working days of the commencement of individualized instruction, provide the school district in which the pupil previously attended regular day classes or an alternative education program with written notice that the pupil shall not be counted by that school district for purposes of computing average daily attendance pursuant to Section 42238.05, effective the date on which individualized instruction commenced.

SEC. 303. Section 48310 of the Education Code is amended to read:

48310. (a) The average daily attendance for pupils admitted by a school district of choice pursuant to this article shall be credited to that school district pursuant to Section 46607. The attendance report for the school district of choice may include an identification of the school district of residence.

(b) Notwithstanding other provisions of law, state aid for categorical education programs for pupils admitted under this article shall be apportioned to the school district of choice.

(c) For a school district of choice that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this section shall be 70 percent of the school district local control funding formula grant calculated pursuant to Section 42238.02, as implemented by Section 42238.03, that would have been apportioned to the school district of residence. For purposes of this subdivision, the term “basic aid school district” means a school district that does not receive from the state, for a fiscal year in which the subdivision is applied, an apportionment of state funds as described in subdivision (o) of Section 42238.02.

(d) The average daily attendance of pupils admitted by a school district of choice pursuant to this article shall be credited to that school district for purposes of any determination under Article 2 (commencing with Section 17010) of Chapter 12 of Part 10 of Division 1 of Title 1 that uses an average daily attendance calculation.

SEC. 304. Section 48359.5 of the Education Code is amended to read:

48359.5. For a school district of enrollment that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this article shall be 70 percent of the school district local control funding formula grant that would

1 have been apportioned to the school district of residence pursuant
2 to Section 42238.02, as implemented by Section 42238.03.
3 Apportionment of these funds shall begin in the second consecutive
4 year of enrollment, and continue annually until the pupil graduates
5 from, or is no longer enrolled in, the school district of enrollment.
6 For purposes of this section, “basic aid school district” means a
7 school district that does not receive an apportionment of state funds
8 as described in subdivision (o) of Section 42238.02 for a fiscal
9 year in which this subdivision may apply.

10 SEC. 305. Article 2 (commencing with Section 48640) of
11 Chapter 4 of Part 27 of Division 4 of Title 2 of the Education Code
12 is repealed.

13 SEC. 306. Section 48660 of the Education Code is amended
14 to read:

15 48660. The governing board of a school district may establish
16 one or more community day schools for pupils who meet one or
17 more of the conditions described in subdivision (b) of Section
18 48662. A community day school may serve pupils in any of
19 kindergarten and grades 1 to 6, inclusive, or any of grades 7 to 12,
20 inclusive, or the same or lesser included range of grades as may
21 be found in an individual middle or junior high school operated
22 by the school district. If a school district is organized as a school
23 district that serves kindergarten and grades 1 to 8, inclusive, but
24 no higher grades, the governing board of the school district may
25 establish a community day school for any kindergarten and grades
26 1 to 8, inclusive, upon a two-thirds vote of the governing board of
27 the school district. It is the intent of the Legislature, that to the
28 extent possible, the governing board of a school district operating
29 a community day school for any of kindergarten and grades 1 to
30 8, inclusive, separate younger pupils from older pupils within that
31 community day school.

32 SEC. 307. Section 48660.2 of the Education Code is repealed.

33 SEC. 308. Section 48663 of the Education Code is repealed.

34 SEC. 309. Section 48664 of the Education Code is repealed.

35 SEC. 310. Section 48667 of the Education Code is amended
36 to read:

37 48667. For purposes of this article, each county office of
38 education shall be deemed to be a school district.

39 SEC. 311. Section 49430.5 of the Education Code is amended
40 to read:

1 49430.5. (a) The reimbursement a school receives for free and
2 reduced price meals sold or served to pupils in elementary, middle,
3 or high schools included within a school district, charter school,
4 or county office of education shall be specified in the annual
5 Budget Act.

6 (b) To qualify for the reimbursement for free and reduced price
7 meals provided to pupils in elementary, middle, or high schools,
8 a school shall follow the Enhanced Food Based Meal Pattern,
9 Nutrient Standard Meal Planning, or Traditional Meal Pattern
10 developed by the United States Department of Agriculture or the
11 SHAPE Menu Patterns developed by the state.

12 (c) The reimbursement rates specified in the annual Budget Act
13 shall be adjusted annually for increases in cost of living in the
14 same manner set forth in paragraph (2) of subdivision (d) of Section
15 42238.02.

16 SEC. 312. Section 49452.8 of the Education Code is repealed.

17 SEC. 313. Section 49536 of the Education Code is amended
18 to read:

19 49536. (a) The department shall, before July 1 of each year,
20 prescribe an adjustment in the state meal contribution rates
21 established pursuant to this section for the forthcoming fiscal year.
22 The adjustments shall reflect the changes in the cost of operating
23 a school breakfast and lunch program and shall be made
24 commencing on July 1 of each year. The adjustment shall be the
25 average of the separate indices of the “Food Away From Home
26 Index” for Los Angeles and San Francisco as prepared by the
27 United States Bureau of Labor Statistics.

28 (b) In giving effect to the cost-of-living provisions of this
29 section, the department shall use the same month for computation
30 of the percentage change in the cost of living after July 1, 1975.
31 The same month shall be used annually thereafter. The product of
32 a percentage increase or decrease in the average index and the per
33 meal reimbursement disbursement rate shall be adjusted by the
34 amount of a cost-of-living change currently in effect pursuant to
35 the provisions of this section.

36 (c) Commencing with the 1990–91 fiscal year, the cost-of-living
37 adjustment shall be equal to the percentage change determined
38 pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

39 SEC. 314. Section 51056 of the Education Code is repealed.

1 SEC. 315. Article 15 (commencing with Section 51870) of
2 Chapter 5 of Part 28 of Division 4 of Title 2 of the Education Code
3 is repealed.

4 SEC. 316. Section 52051 of the Education Code is repealed.

5 SEC. 317. Section 52052.2 of the Education Code is repealed.

6 SEC. 318. Section 52052.5 of the Education Code is amended
7 to read:

8 52052.5. (a) The Superintendent shall establish a broadly
9 representative and diverse advisory committee to advise the
10 Superintendent and the state board on all appropriate matters
11 relative to the creation of the Academic Performance Index.
12 Members of the advisory committee shall serve without
13 compensation for terms not to exceed two years. The department
14 shall provide staff to the advisory panel.

15 (b) By July 1, 2005, the advisory committee established pursuant
16 to this section shall make recommendations to the Superintendent
17 on the appropriateness and feasibility of a methodology for
18 generating a measurement of academic performance by using
19 unique pupil identifiers for pupils in kindergarten and any of grades
20 1 to 12, inclusive, and annual academic achievement growth to
21 provide a more accurate measure of a school's growth over time.
22 If appropriate and feasible, the Superintendent, with the approval
23 of the state board, shall thereafter implement this measurement of
24 academic performance.

25 (c) By January 1, 2011, the Superintendent and the state board,
26 in consultation with the advisory committee established pursuant
27 to subdivision (a), shall make recommendations to the Legislature
28 and the Governor on each of the following:

29 (1) Approaches to increasing the emphasis of science and
30 mathematics in the calculation of the Academic Performance Index
31 or any successor measure.

32 (2) Methods to incorporate into the Academic Performance
33 Index, or into other aspects of the state's accountability system, a
34 measure of the degree to which pupils graduate from high school
35 with the skills and knowledge necessary to attain entry-level
36 employment in business or industry, as set forth in subdivision (b)
37 of Section 51228.

38 (3) Methods to incorporate into the Academic Performance
39 Index, or into other aspects of the state's accountability system, a
40 measure of the degree to which pupils graduate from high school

1 with the skills and knowledge necessary to succeed in
2 postsecondary education.

3 (d) By July 1, 2013, the Superintendent and the state board, in
4 consultation with the advisory committee established pursuant to
5 subdivision (a), shall make recommendations to the Legislature
6 and the Governor on the establishment of a methodology for
7 generating a measurement of group and individual academic
8 performance growth by utilizing individual pupil results from a
9 longitudinally valid achievement assessment system. These
10 recommendations should also address any interactions between
11 the Academic Performance Index, or any successor measure, and
12 individual test scores from the state's tests, as well as implications
13 for the reauthorization of the state's assessment system. This
14 paragraph shall not be construed to supersede the provisions of
15 Chapter 273 of the Statutes of 2009.

16 SEC. 319. Article 3 (commencing with Section 52053) of
17 Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education
18 Code is repealed.

19 SEC. 320. Article 3.5 (commencing with Section 52055.600)
20 of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education
21 Code is repealed.

22 SEC. 321. Section 52055.750 of the Education Code is
23 amended to read:

24 52055.750. (a) A school district or chartering authority that
25 receives funding pursuant to this article shall agree to do all of the
26 following for each funded school within its jurisdiction:

27 (1) Comply with the program requirements of this article and
28 require that each funded schoolsite complete and meet the criteria
29 of an academic review process that includes the elements of the
30 school assistance and intervention team review process described
31 in Section 52055.51, as that section read on January 1, 2013.

32 (2) Ensure that funded schools meet the requirements of this
33 article.

34 (3) Ensure that each school administrator in a funded school is
35 confirmed to have exemplary qualifications and experience by the
36 end of the first full year of funding and in each year of funding
37 thereafter. Those qualifications shall include the ability to support
38 the success of all pupils by facilitating the development,
39 articulation, implementation, and stewardship of a vision of
40 learning that is shared and supported by the school community as

1 well as the ability to advocate, nurture, and sustain a school culture
2 and instructional program that is conducive to pupils learning and
3 staff professional growth. The school district or chartering authority
4 shall provide for high quality professional development for each
5 administrator through leadership training, coaching, and mentoring
6 and shall take all reasonable steps to maintain stable school
7 leadership in schools that receive funding pursuant to this article.
8 To the extent appropriate the professional development shall be
9 similar in quality and rigor to that provided pursuant to the
10 Administrator Training Program under Article 4.6 (commencing
11 with Section 44510) of Chapter 3 of Part 25, as that article read
12 on January 1, 2012.

13 (4) Provide all fiscal and evaluation data requested by the
14 Superintendent for initial approval, annual reviews, and reports.

15 (5) Comply with subdivisions (a) to (c), inclusive, of Section
16 52055.630, as that section read on January 1, 2013, and in the same
17 manner consult with the exclusive representative of classified
18 employees.

19 (6) Assist eligible schools in developing and carrying out a plan
20 to implement the provisions of this article to ensure the school
21 district's plan supports the work of the school.

22 (7) Agree to focus on conditions that improve instruction and
23 achievement in funded schools.

24 (8) Express its full understanding that not meeting annual and
25 final program and academic achievement requirements under this
26 article will result in the termination of funding.

27 (9) Ensure that the funds received on behalf of funded schools
28 are expended on that school, except that during the first partial
29 year of funding school districts may use funding under this article
30 for facilities necessary to meet the class size reduction requirements
31 of this article, if all funds are spent on funded schools within the
32 school district.

33 (10) Use the uniform process recommended by the
34 Superintendent pursuant to subdivision (d) of Section 52055.730
35 to ensure that the average teaching experience of the classroom
36 teachers in funded schools is equal to or greater than the average
37 teaching experience of classroom teachers in the school district as
38 a whole.

39 (b) If not expressly prohibited by federal law, a school district
40 or chartering authority on behalf of a funded school is exempt from

requirements imposed on the use of state categorical or federal funds in the consolidated application, except those funds related to economic impact aid, if those funds are identified in the revised plan of Section 52055.755. Funded schools are exempt from all program requirements associated with funds in the consolidated application, except requirements regarding parent advisory committees, schoolsite councils, and special education. Funds provided under the economic aid program shall not be used to implement this program.

(c) Each funded school shall ensure that each teacher in a subject-specific classroom or teaching covered subjects participates in professional development that is made available by the school district or the schoolsite councils, is developed in a collaborative process with interested parties, and is articulated in an improvement plan. For purposes of this article, professional development activities may include collaboration time for teachers to develop new instructional lessons or analyze pupil data, mentoring projects for new teachers, or extra support for teachers to improve practice. At a minimum, appropriate professional development for the site shall be part of a coherent plan that combines school activities within the school, including, but not limited to, lesson study or coteaching, and external learning opportunities that meet all of the following criteria:

- (1) Are related to the academic subjects taught.
- (2) Provide time to meet and work with other teachers.
- (3) Support instruction and pupil learning to improve instruction in a manner that is consistent with academic content standards.
- (4) Include an average of 40 hours per teacher per year.

(d) At a minimum, professional development in a self-contained classroom shall include content regarding mathematics, science, English language arts, reading, and English language development. Professional development for teachers teaching subject specific courses shall include the specific subject and English language development. To the extent appropriate the professional development shall be similar in quality and rigor to the training provided under the Mathematics and Reading Professional Development Program in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65, as that article read on January 1, 2012.

1 (e) On or before the end of the first three years of full funding,
2 funded schools shall do the following:

3 (1) Increase actual pupil attendance, as compared with monthly
4 enrollment in the school.

5 (2) For secondary schools, increase graduation rates as described
6 in Section 52055.640.

7 SEC. 322. Article 4 (commencing with Section 52056) of
8 Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education
9 Code is repealed.

10 SEC. 323. Article 3.8 (commencing with Section 52060) is
11 added to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the
12 Education Code, to read:

13
14 Article 3.8. Local Control and Accountability Plans
15

16 52060. (a) The governing board of each school district shall
17 adopt a local control and accountability plan using a template
18 adopted by the state board.

19 (b) A local control and accountability plan adopted by a
20 governing board of a school district shall be effective for a period
21 of at least one year but no longer than five years. If a governing
22 board of a school district adopts a plan that would be effective for
23 a period longer than one year, the governing board must approve
24 an update to the existing plan at least annually.

25 (c) On or before July 1 of each fiscal year, a governing board
26 of a school district shall take action on a local control and
27 accountability plan for the subsequent fiscal year, either by
28 adopting a new local control and accountability plan or by
29 approving an update to a plan the governing board of the school
30 district has previously adopted.

31 (d) A governing board of a school district shall update the local
32 control and accountability plan if the governing board of the school
33 district determines that changes in the composition of the base
34 Academic Performance Index require the school district to take
35 specific actions and use strategies that are not already included in
36 the plan to meet the Academic Performance Index growth target
37 for each school in the school district. If the governing board of the
38 school district determines that an update is necessary, the governing
39 board of the school district shall approve the update by November

1 1 of the year in which the new base Academic Performance Index
2 is released.

3 (e) A governing board of a school district shall demonstrate that
4 a local control and accountability plan approved by the governing
5 board of the school district was developed in consultation with
6 teachers, principals, administrators, other school personnel, parents,
7 and pupils.

8 (f) A governing board of a school district shall ensure that a
9 local control and accountability plan is consistent with all school
10 plans submitted pursuant to Section 64001 by a school district for
11 schools within the school district.

12 (g) Before adopting a local control and accountability plan or
13 approving an update to an existing plan, a governing board of a
14 school district shall hold at least one public hearing to solicit
15 recommendations and opinions of members of the public regarding
16 specific actions and strategies that should be included in the plan.
17 The agenda for the public hearing shall be posted at least 72 hours
18 before the public hearing and shall include the location where the
19 local control and accountability plan will be available for public
20 inspection. This public hearing shall be held at the same meeting
21 as the public hearing required by paragraph (1) of subdivision (a)
22 of Section 42127.

23 (h) A governing board of a school district shall notify members
24 of the public, using the most efficient method possible, of the
25 opportunity to submit written recommendations and opinions
26 regarding specific actions and strategies that should be included
27 in the local control and accountability plan. This subdivision shall
28 not be interpreted to require a school district to produce printed
29 notices or to send notices by mail.

30 (i) A governing board of a school district shall adopt a local
31 control and accountability plan in a public meeting. This meeting
32 shall be held after, but not on the same day as, the public hearing
33 held pursuant to subdivision (g). This meeting shall be the same
34 meeting during which the governing board of the school district
35 considers a budget pursuant to paragraph (2) of subdivision (a) of
36 Section 42127.

37 (j) A governing board of a school district may adopt a revised
38 local control and accountability plan if the governing board of the
39 school district is required to adopt a revised budget. A revised

1 local control and accountability plan shall be adopted at the same
2 meeting that a revised budget is adopted.

3 52061. (a) Not later than five days after adoption of a local
4 control and accountability plan or approval of an update to an
5 existing plan pursuant to Section 52060, the governing board of a
6 school district shall file the plan with the county superintendent
7 of schools. The plan shall be filed on the same day that the
8 governing board of the school district files the budget pursuant to
9 paragraph (2) of subdivision (a) of Section 42127.

10 (b) The county superintendent of schools shall do all of the
11 following:

12 (1) Examine if the plan adheres to the template adopted by the
13 state board pursuant to Section 52066 and includes all of the
14 components identified in subdivision (a) of Section 52064.

15 (2) Determine if the budget for the subsequent fiscal year
16 adopted by the governing board of the school district includes
17 expenditures sufficient to implement the specific actions and
18 strategies included in the local control and accountability plan
19 adopted by the governing board of the school district, based on
20 the projections of the costs included in the plan.

21 (3) In making the determinations pursuant to paragraphs (1) and
22 (2), consider input from teachers, principals, administrators, other
23 school personnel, parents, and pupils from the school district.

24 52062. (a) Each county superintendent of schools shall
25 develop, and each county board of education shall adopt, a local
26 control and accountability plan using a template adopted by the
27 state board.

28 (b) A local control and accountability plan adopted by a county
29 board of education shall be effective for a period of at least one
30 year but no longer than five years. If a county board of education
31 adopts a plan that would be effective for a period longer than one
32 year, the county board of education must approve an update to the
33 plan at least annually.

34 (c) On or before July 1 of each fiscal year, a county board of
35 education shall take action on a local control and accountability
36 plan for the subsequent fiscal year, either by adopting a new local
37 control and accountability plan or by approving an update to a plan
38 the county board of education has previously adopted.

39 (d) A county superintendent of schools shall update and present
40 to the county board of education for approval the local control and

1 accountability plan if the county board of education determines
2 that changes in the composition of the base Academic Performance
3 Index require the county superintendent of schools to take specific
4 actions and use strategies that are not already included in the plan
5 to meet the Academic Performance Index growth target for each
6 school operated by the county superintendent of schools. If the
7 county board of education determines that an update is necessary,
8 the county board of education shall approve the update by
9 November 1 of the year in which the base Academic Performance
10 Index is released.

11 (e) A county superintendent of schools shall demonstrate that
12 a local control and accountability plan was developed in
13 consultation with teachers, principals, administrators, other school
14 personnel, parents, and pupils. A county superintendent of schools
15 also shall demonstrate that the superintendents of all school districts
16 in the county were consulted in the development of the plan.

17 (f) A local control and accountability plan shall be consistent
18 with all school plans submitted pursuant to Section 64001 by the
19 county superintendent of schools for schools operated by the county
20 superintendent of schools.

21 (g) Before adopting a local control and accountability plan or
22 approving an update to an existing plan, a county board of
23 education shall hold at least one public hearing to solicit
24 recommendations and opinions of members of the public regarding
25 specific actions and strategies that should be included in the plan.
26 The agenda for that hearing shall be posted at least 72 hours before
27 the public hearing and shall include the location where the local
28 control and accountability plan will be available for public
29 inspection. The public hearing shall be held at the same meeting
30 as the public hearing required by Section 1620.

31 (h) A county board of education shall notify members of the
32 public, using the most efficient method possible, of the opportunity
33 to submit written recommendations and opinions regarding specific
34 actions and strategies that should be included in the local control
35 and accountability plan. This subdivision shall not be interpreted
36 to require a county board of education to produce printed notices
37 or to send notices by mail.

38 (i) A county board of education shall adopt a local control and
39 accountability plan in a public meeting. This meeting shall be held
40 after, but not on the same day as, the public hearing held pursuant

1 to subdivision (g). The meeting shall be the same meeting during
2 which a county board of education considers a budget pursuant to
3 Section 1620.

4 (j) A county board of education may adopt a revised local
5 control and accountability plan if the county board of education
6 is required to adopt a revised budget. A revised local control and
7 accountability plan shall be adopted at the same meeting that a
8 revised budget is adopted.

9 52063. (a) No later than five days after adoption of a local
10 control and accountability plan or approval of an update to an
11 existing plan pursuant to Section 52062 by a county board of
12 education, the county superintendent of schools shall file the plan
13 with the Superintendent, the county board of supervisors, and the
14 county auditor. The plan shall be filed on the same day that the
15 county superintendent of schools files the budget pursuant to
16 subdivision (a) of Section 1622.

17 (b) The Superintendent shall do all of the following:

18 (1) Examine if the plan adheres to the template adopted by the
19 state board pursuant to Section 52066 and includes all of the
20 components identified in subdivision (a) of Section 52064.

21 (2) Determine if the budget for the subsequent fiscal year
22 adopted by the county board of education includes expenditures
23 sufficient to implement the specific actions and strategies included
24 in the local control and accountability plan adopted by the county
25 board of education, based on the projections of the costs included
26 in the plan.

27 (3) In making the determinations pursuant to paragraphs (1) and
28 (2), consider input from teachers, principals, administrators, other
29 school personnel, parents, and pupils in the county.

30 52064. (a) A local control and accountability plan adopted by
31 a governing board of a school district or a county board of
32 education shall identify goals and describe the specific actions the
33 school district or county superintendent of schools will take and
34 strategies that will be used to achieve all of the following:

35 (1) Implement, for all pupils, the content standards adopted by
36 the state board pursuant to Sections 60605.8, 60605.10, and
37 60605.11.

38 (2) Increase the Academic Performance Index for each school
39 and for each numerically significant pupil subgroup pursuant to
40 Section 52052 and reduce gaps in the Academic Performance Index

1 and other measures of pupil achievement between numerically
2 significant pupil subgroups.

3 (3) Improve pupil achievement of the content standards adopted
4 by the state board pursuant to Sections 60605, 60605.2, 60605.3,
5 60605.8, and 60605.85, at all grade levels, as evidenced by the
6 results of statewide assessments pursuant to Article 4 (commencing
7 with Section 60640) of Chapter 5 of Part 33, other statewide
8 assessments, and appropriate local assessments.

9 (4) Increase high school graduation rates, if a school district or
10 a county superintendent of schools enrolls high school pupils,
11 increase attendance rates, and reduce dropout rates.

12 (5) Increase the percentage of pupils who have successfully
13 completed each of the following:

14 (A) Courses that satisfy the requirements for entrance to the
15 University of California and the California State University.

16 (B) Advanced placement courses.

17 (C) Career technical education programs.

18 (6) Identify and address needs of pupils, and schools
19 predominantly serving pupils, who meet any of the following
20 definitions:

21 (A) Pupils who have been classified as an English learner
22 pursuant to Section 52164.

23 (B) Pupils who qualify for the free and reduced-price meal
24 program pursuant to Section 49552.

25 (C) Foster children as defined in Sections 300 and 601 of the
26 Welfare and Institutions Code.

27 (D) Pupils enrolled in a juvenile court school operated by a
28 county superintendent of schools pursuant to subdivision (a) of
29 Section 48645.2, if applicable.

30 (7) Remedy deficiencies in any school in the school district or
31 any school operated by the county board of education and improve
32 school conditions in any of the areas included in paragraphs (5),
33 (6), and (8) of subdivision (b) of Section 33126. This includes
34 ensuring access for each pupil to the following:

35 (A) Sufficient textbooks and instructional materials.

36 (B) Safe, clean, and adequate school facilities.

37 (C) Qualified teachers.

38 (8) Provide meaningful opportunities for parent involvement,
39 including, at a minimum, supporting effective schoolsite councils
40 or other structures at each school and advisory panels to the

1 governing board of the school district or the county board of
2 education or, if parents so choose, creating other processes or
3 structures, such as creating the role of an ombudsman for parents,
4 to address complaints and other issues raised by parents.

5 (b) A local control and accountability plan developed by a
6 county superintendent of schools and approved by a county board
7 of education shall also include, in addition to the elements included
8 in subdivision (a), goals related to addressing countywide needs,
9 and describe specific actions and strategies to do all of the
10 following:

11 (1) Conduct effective oversight of school districts pursuant to
12 Article 2 (commencing with Section 1240) of Chapter 2 of Part 2
13 of Division 1 of Title 1 and Chapter 6 (commencing with Section
14 42100) of Part 24 of Division 3 of Title 2.

15 (2) Provide support to school districts in the county, including
16 support related to school district operations, educational
17 technology, and professional development, and guidance to school
18 districts related to curriculum and instructional practices.

19 (3) Coordinate instruction for expelled pupils pursuant to Section
20 48926.

21 (c) A local control and accountability plan shall include an
22 analysis of both the following:

23 (1) Pupil achievement of those pupils enrolled in schools in a
24 school district or schools operated by a county superintendent of
25 schools at the time the plan is adopted by the governing board of
26 the school district or the county board of education.

27 (2) If a governing board of a school district or a county board
28 of education previously has adopted a local control and
29 accountability plan, progress made in implementing the goals
30 identified in the plan in effect immediately before the adoption of
31 a new plan by the governing board of the school district or the
32 county board of education.

33 (d) For purposes of conducting the analysis required by
34 subdivision (c), a governing board of a school district or a county
35 superintendent of schools may consider qualitative information,
36 including reviews conducted by panels of experts during visits to
37 schools in the school district or schools operated by the county
38 office of education.

39 (e) Data reported in a local control and accountability plan shall
40 be consistent with information reported on school accountability

1 report cards for schools in a school district or schools operated by
2 a county superintendent of schools.

3 (f) A local control and accountability plan shall include
4 projections of the costs of implementing the specific actions and
5 strategies included in the plan. Expenditures that reflect these cost
6 projections shall be included in the budget adopted by the
7 governing board of the school district pursuant to Section 42127.

8 (g) A local control and accountability plan adopted by a
9 governing board of a school district shall document all of the
10 following:

11 (1) For those fiscal years in which it is anticipated that the school
12 district will receive less funding than is calculated under the local
13 control funding formula pursuant to Section 42238.02, as
14 implemented by Section 42238.03, a projection of the total funding
15 required for the specific actions the school district will take and
16 strategies that will be used to implement paragraph (6) of
17 subdivision (a), divided by the average daily attendance of the
18 pupils for whom any of the definitions included in paragraph (6)
19 of subdivision (a) apply. This amount of funding shall not be less
20 than the total expenditures from the sources included in paragraphs
21 (1) to (3), inclusive, of subdivision (i) of Section 42238.02 during
22 the 2012–13 fiscal year for services for pupils for whom any of
23 the definitions included in paragraph (6) of subdivision (a) applied
24 during the 2012–13 fiscal year, divided by the average daily
25 attendance of these students during the 2012–13 fiscal year.

26 (2) For those fiscal years in which it is anticipated that the school
27 district will receive funding equal to or greater than the amount
28 calculated under the local control funding formula pursuant to
29 Section 42238.02, as implemented by Section 42238.03, a
30 projection of the total funding required for the specific actions the
31 school district will take and strategies that will be used to
32 implement paragraph (6) of subdivision (a), divided by the average
33 daily attendance of the pupils for which any of the definitions
34 included in paragraph (6) of subdivision (a). This funding shall
35 not be less than the supplemental grants and concentration grants
36 the governing board of the school district projects receiving
37 pursuant to subdivisions (e) and (f) of Section 42238.02, divided
38 by the average daily attendance of the pupils for which any of the
39 definitions included in paragraph (6) of subdivision (a) apply.

1 (h) A local control and accountability plan adopted by a county
2 board of education shall document all of the following:

3 (1) For those fiscal years in which it is anticipated that the
4 county office of education will receive less funding than is
5 calculated under the county local control funding formula pursuant
6 to Section 2574, a projection of the total funding required for the
7 specific actions the county superintendent of schools will take and
8 strategies that will be used to implement paragraph (6) of
9 subdivision (a), divided by the average daily attendance of the
10 pupils for whom any of the definitions included in paragraph (6)
11 of subdivision (a) apply. This amount of funding shall not be less
12 than the total expenditures from the sources included in paragraphs
13 (1) and (2) of subdivision (g) of Section 2574 during the 2012–13
14 fiscal year for services for pupils for whom any of the definitions
15 included in paragraph (6) of subdivision (a) applied during the
16 2012–13 fiscal year, divided by the average daily attendance of
17 these pupils during the 2012–13 fiscal year.

18 (2) For those fiscal years in which it is anticipated that the
19 county office of education will receive funding equal to or greater
20 than the amount calculated under the county local control funding
21 formula pursuant to Section 2574, a projection of the total funding
22 required for the specific actions the county superintendent of
23 schools will take and strategies that will be used to implement
24 paragraph (6) of subdivision (a), divided by the average daily
25 attendance of the pupils for which any of the definitions included
26 in paragraph (6) of subdivision (a) apply. This funding shall not
27 be less than the supplemental grants and concentration grants the
28 county board of education projects receiving pursuant to
29 subdivisions (b) and (c) of Section 2574, divided by the average
30 daily attendance of the pupils for which any of the definitions
31 included in paragraph (6) of subdivision (a) apply.

32 (i) A local control and accountability plan shall account for the
33 funds provided to charter schools that elect to receive funding
34 through the school district or the county office of education
35 pursuant to Section 47651.

36 52065. (a) The governing body of a charter school that elects
37 to receive its funding directly, pursuant to Section 47651, shall
38 adopt a local control and accountability plan using a template
39 adopted by the state board.

1 (b) Notwithstanding Section 52064, a local control and
2 accountability plan adopted by the governing body of a charter
3 school shall identify specific steps the charter school will take and
4 strategies that will be used to accomplish the goals identified in
5 the charter petition granted pursuant to Sections 47605, 47605.5,
6 47605.6, 47605.8, and 47606.

7 (c) A local control and accountability plan adopted by a
8 governing body of a charter school shall be effective for a period
9 of at least one year but no longer than five years. If the governing
10 body of the charter school adopts a plan that would be effective
11 for a period longer than one year, the governing body of the charter
12 school must approve an update to the existing plan at least annually.

13 (d) On or before July 1 of each fiscal year, a governing body of
14 a charter school shall take action on a local control and
15 accountability plan for the subsequent fiscal year, either by
16 adopting a new local control and accountability plan or by
17 approving an update to a plan the charter school has previously
18 adopted. The plan shall be submitted to the charter school's
19 chartering authority and the county superintendent of schools, or
20 only to the county superintendent of schools if the county board
21 of education is the chartering authority, on the same day that the
22 charter school submits its preliminary budget pursuant to paragraph
23 (1) of subdivision (a) of Section 47604.33.

24 52066. (a) The state board shall adopt a template for use by
25 school districts and a separate template for use by county
26 superintendents of schools that includes the elements identified in
27 Section 52064.

28 (b) The state board shall also adopt a template for use by charter
29 schools to satisfy the requirements of Section 52065.

30 (c) The templates developed by the state board shall allow a
31 school district, county superintendent of schools, or charter school
32 to complete a single local control and accountability plan to meet
33 the requirements of this article and the requirements of the federal
34 Elementary and Secondary Act related to local educational agency
35 plans pursuant to Section 1112 of Subpart 1 of Part A of Title I of
36 Public Law 107-110. The state board shall also take steps to
37 minimize duplication of effort at the local level to the greatest
38 extent possible.

39 (d) If possible, the template identified in subdivision (a) for use
40 by county superintendents of schools shall allow a county

1 superintendent of schools to develop a single local control and
2 accountability plan that would also satisfy the requirements of
3 Section 48926.

4 (e) The state board shall approve the templates identified in
5 subdivisions (a) and (b) by January 30, 2014. Revisions to the
6 templates shall be approved by the state board by January 1 before
7 the fiscal year during which a template is to be used by a school
8 district, county superintendent of schools, or charter school.

9 (f) The adoption of a template by the state board shall not create
10 a requirement for a governing board of a school district, a county
11 board of education, or a governing body of a charter school to
12 submit a local control and accountability plan to the state board,
13 unless otherwise required by federal law. The Superintendent shall
14 not require a local control and accountability plan to be submitted
15 by a governing board of a school district or the governing body of
16 a charter school. The state board may adopt a template that would
17 authorize a school district or a charter school to submit to the state
18 board only the sections of the local control and accountability plan
19 required by federal law.

20 (g) The state board may adopt emergency regulations for
21 purposes of implementing this section.

22 SEC. 324. Chapter 6.8 (commencing with Section 52080) of
23 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

24 SEC. 325. Chapter 6.9 (commencing with Section 52100) of
25 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

26 SEC. 326. Chapter 6.10 (commencing with Section 52120) of
27 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

28 SEC. 327. Chapter 7 (commencing with Section 52130) of Part
29 28 of Division 4 of Title 2 of the Education Code is repealed.

30 SEC. 328. Chapter 8 (commencing with Section 52200) of Part
31 28 of Division 4 of Title 2 of the Education Code is repealed.

32 SEC. 329. Chapter 8.3 (commencing with Section 52240) of
33 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

34 SEC. 330. Chapter 8.5 (commencing with Section 52250) of
35 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

36 SEC. 331. Chapter 8.6 (commencing with Section 52270) of
37 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

38 SEC. 332. Section 52301 of the Education Code is amended
39 to read:

1 52301. (a) The county superintendent of schools of each county
2 may establish and maintain, or with one or more counties may
3 establish and maintain, a regional occupational center, or regional
4 occupational program, in the county to provide education and
5 training in career technical courses. The governing boards of any
6 school districts maintaining high schools in the county may, with
7 the consent of the county superintendent of schools, cooperate in
8 the establishment and maintenance of a regional occupational
9 center or program, except that if a school district also maintains
10 500 or more schools, the governing board of the school district
11 may establish and maintain one or more regional occupational
12 centers or programs, without those restrictions. A regional
13 occupational center or program may be established by two or more
14 school districts maintaining high schools through the use of the
15 staff and facilities of a community college or community colleges
16 serving the same geographic area as the school districts maintaining
17 the high schools, with the consent of the county superintendent of
18 schools.

19 (b) The establishment and maintenance of a regional
20 occupational center or program, by two or more school districts
21 may be undertaken pursuant to Article 1 (commencing with Section
22 6500) of Chapter 5 of Division 7 of Title 1 of the Government
23 Code. In a regional occupational center or program, the functions
24 of the county auditor undertaken pursuant to Article 1
25 (commencing with Section 6500) of Chapter 5 of Division 7 of
26 Title 1 of the Government Code shall be performed by the county
27 superintendent of schools in a county in which the board of
28 supervisors has transferred educational functions from the county
29 auditor to the county superintendent of schools pursuant to Sections
30 42649, as added by Chapter 533 of the Statutes of 1977, and
31 85265.5. If a school district or school districts establish and
32 maintain a regional occupational center or program, pursuant to
33 this chapter, the county superintendent of schools may establish
34 and maintain a separate regional occupational center or centers or
35 program or programs.

36 The governing board of the school district shall retain authority
37 to decide whether or not to operate the regional occupational center
38 or program.

39 SEC. 333. Section 52301.3 of the Education Code is repealed.

1 SEC. 334. Section 52302 of the Education Code is amended
2 to read:

3 52302. (a) The governing board of each regional occupational
4 center or program shall ensure that at least 90 percent of all
5 state-funded courses offered by the center or program, in
6 occupational areas in which both the program or center and the
7 community college offer instruction, are part of occupational course
8 sequences that target comprehensive skills. Each occupational
9 sequence shall do all of the following:

10 (1) Result in an occupational skill certificate developed in
11 cooperation with the appropriate employer advisory board created
12 under Section 52302.2.

13 (2) Provide prerequisite courses that are needed to enter
14 apprenticeship or postsecondary vocational certificate or degree
15 programs. Where possible, sequenced courses shall be linked to
16 certificate and degree programs in the region.

17 (3) Focus on occupations requiring comprehensive skills leading
18 to high entry-level wages or the possibility of significant wage
19 increases after a few years on the job, or both.

20 (4) Offer as many courses as possible that have been approved
21 by the University of California as courses meeting the “A-G”
22 admissions requirements.

23 (b) (1) The governing board of each regional occupational
24 center or program shall develop a plan for establishing sequences
25 of courses, and certify to the department, that those sequences have
26 been developed, as described in subdivision (a). The board shall
27 consult with the superintendents of the school districts served by
28 the center or program and presidents of community colleges in the
29 area during the development of the plan.

30 (2) The plan shall be presented at a public hearing by the
31 governing board of each school district served by the regional
32 occupational center or program and by the county board of
33 education.

34 (3) Community college boards with identified articulated
35 programs shall also review the plans in a public session.

36 (4) In developing the plan, each regional occupational program
37 or center shall consult with school districts and community college
38 districts located within the region served by the program or center
39 and with the relevant occupational advisers and local workforce
40 investment board to ensure the plan meets the vocational education

1 needs of high school pupils in the region by providing sequences
2 of courses that begin with middle or high school introductory
3 courses, including, but not limited to, occupational skill courses
4 provided by high schools or regional occupational programs or
5 centers.

6 (5) The plan shall maximize the use of local, state, and federal
7 resources in helping high school pupils enter comprehensive skill
8 occupations or apprenticeship programs, or continue education in
9 college, or all of these, after graduating from high school.

10 (6) The plan shall include strategies for filling gaps in courses
11 or other services needed to make the sequences effective in meeting
12 the needs of pupils in developing skills and attending community
13 college upon graduation from high school.

14 (7) Commencing September 1, 2008, each center or program
15 shall submit a copy of the plan to the appropriate community
16 college or colleges in the region and the Superintendent. Every
17 four years after this date, on or before July 1, each center and
18 program shall submit an update to the plan to the local community
19 college or colleges.

20 (c) As a condition of receiving federal funds provided under
21 the Carl D. Perkins Vocational and Applied Technology Education
22 Act of 1998 (20 U.S.C. Sec. 2301 et seq.), or a successor of that
23 act, and to the extent permitted by federal law, school districts,
24 regional occupational centers or programs, and community college
25 districts shall do all of the following:

26 (1) Develop course sequences that meet the requirements of this
27 section, as follows:

28 (A) School districts, regional occupational centers or programs,
29 and community college districts shall have adopted an approved
30 plan as required under this section.

31 (B) School districts, regional occupational centers or programs,
32 and community college districts shall have established course
33 sequences as required under this section that include at least
34 one-third of the courses offered by the regional occupational center
35 or program in occupational areas in which both the program or
36 center and the community college offer instruction.

37 (C) School districts, regional occupational centers or programs,
38 and community college districts shall have established course
39 sequences as required under this section that include at least
40 two-thirds of the courses offered by the regional occupational

1 center or program in occupational areas in which both the program
2 or center and the community college offer instruction.

3 (2) Provide pupils who are participating in vocational sequences
4 with information and experiences designed to increase their
5 postgraduation work and school options, including, but not limited
6 to, all of the following:

7 (A) Information about the admissions requirements of the
8 University of California and California State University.

9 (B) Information about the placement requirements of the local
10 community college or colleges.

11 (C) Information about higher education options related to the
12 interests of the pupil.

13 (D) Encourage visits to local colleges and universities offering
14 programs that allow pupils to gain additional skills and degrees in
15 related occupations.

16 (E) Information and referrals to employers for internships,
17 summer employment opportunities, and employment after
18 graduation from high school.

19 (3) School districts, regional occupational centers or programs,
20 and community college districts that do not develop course
21 sequences on or before the dates established under this subdivision
22 shall enter into a corrective action plan with the department and
23 shall meet any timelines established by the Superintendent.

24 (d) (1) The department, with the assistance of the Office of the
25 Chancellor of the California Community Colleges, shall meet with
26 each program or center and the community college or colleges in
27 the region to validate that course sequences meeting the
28 requirements of this section have been developed. These meetings
29 shall be conducted using the existing resources of the department
30 and shall be consistent with the standards developed pursuant to
31 Section 51226.

32 (2) The department and the office of the chancellor shall provide
33 technical assistance to programs or centers and community colleges
34 that have developed articulated sequences for less than half of the
35 courses offered by the program or center.

36 SEC. 335. Section 52302.2 of the Education Code is amended
37 to read:

38 52302.2. (a) The governing board of each regional occupational
39 center or program shall establish and maintain an employer

1 advisory board or boards pursuant to guidelines developed by the
2 department. The advisory board shall do all of the following:

3 (1) Assist in the development of skill certificates that identify
4 the skills and knowledge that pupils completing an occupational
5 course sequence are expected to acquire upon completing the
6 sequence. The advisory board also shall recommend the measures
7 and criteria, and methods to evaluate whether pupils actually
8 acquired the identified skills and knowledge.

9 (2) Review at least once a year whether pupils who are assessed
10 as having met the requirements for a skill certificate possess the
11 skills needed for success in employment in that occupation.

12 (3) Review the specific occupational sequences offered by the
13 regional occupational center or program to train pupils for jobs
14 that are in demand and offer high beginning salaries or the potential
15 for significant wage increase after several years on the job.

16 (4) Assist the regional occupational center or program in
17 developing internships, paid summer employment, and
18 postgraduation employment opportunities for pupils participating
19 in the course sequences.

20 (5) Assist the regional occupational center or program in
21 identifying and creating college scholarships for pupils
22 participating in the course sequences.

23 (b) Employer advisory boards shall be composed of
24 representatives of trade organizations and businesses or government
25 agencies that hire a significant number of employees each year
26 and require the skills and knowledge that are taught in the course
27 sequence or sequences in that occupational area, as well as at least
28 one representative from a school district career technical
29 educational advisory committee. The department shall develop
30 regulations guiding the establishment of these boards.

31 (c) Regional occupational centers or programs operated in a
32 rural county may designate a local business or industry organization
33 as the advisory board and consult with the leadership of the local
34 business or industry organization to determine skill needs in the
35 region and emerging job market needs. For purposes of this section,
36 the local business organization may be designated as the advisory
37 board for the regional occupational center or program.

38 SEC. 336. Section 52302.8 of the Education Code is amended
39 to read:

1 52302.8. (a) The Legislature hereby finds and declares that
2 vocational training resources that are provided through regional
3 occupational centers and programs are an essential component of
4 the state's secondary school system and the local system of
5 providing occupational skills training to high school pupils. For
6 this reason, the Legislature finds and declares that these resources
7 should be focused primarily on the needs of pupils enrolled in high
8 school.

9 (b) Pupils who are CalWORKs, Temporary Assistance Program,
10 or Job Corps participants shall have priority for service.

11 (c) The governing boards of a community college district and
12 a regional occupational center or program may enter into
13 contractual agreements under which the center or program provides
14 services to adult students of the community college district affected
15 by this section if the agreements conform to state regulations and
16 audit requirements jointly developed by the Chancellor of the
17 Office of the California Community Colleges and the State
18 Department of Education, in consultation with, and subject to
19 approval by, the Department of Finance.

20 SEC. 337. Section 52302.9 of the Education Code is amended
21 to read:

22 52302.9. Regional occupational centers and programs may
23 jointly establish, operate, and share the enrollments and costs of
24 career technical education instruction with adult education
25 programs offered by school districts serving the same geographic
26 area. These programs shall be approved by the county
27 superintendent of schools and shall be subject to guidelines
28 established by the Superintendent.

29 SEC. 338. Section 52306 of the Education Code is amended
30 to read:

31 52306. (a) Any business, commercial, trade, manufacturing,
32 or construction activity referred to in subdivision (c) of Section
33 52305 may be undertaken as part of a regional occupational center
34 or program provided all the following conditions have been
35 complied with:

36 (1) Any facility or program operated pursuant to this section
37 shall be only for the education or training of students enrolled in
38 a regional occupational center or program.

1 (2) The facility or program shall be operated on a nonprofit
2 basis, with all revenues restricted in their use to cover instructional
3 and operating costs.

4 (3) Notwithstanding any other provision of law, the facility or
5 program initially shall obtain the approval of the appropriate trade
6 associations concerned with the activity proposed and the approval
7 of the county labor council in the county in which the facility or
8 program is located.

9 (b) An activity conducted by a regional occupational center or
10 program, as described in subdivision (a), may be conducted without
11 the need to apply for or obtain local business licenses or permits,
12 nor shall the activity be subject to payment of local business taxes.

13 Notwithstanding any other law, proceeds from business activities
14 authorized in this section may, subject to the approval of the
15 governing board, be deposited in a checking account or accounts
16 by each regional occupational center or program and disbursed for
17 the necessary expenses of those business activities. The account
18 shall be established by the regional occupational center or program
19 and be in the custody of the principal or other administrative
20 official designated by the governing board or the county
21 superintendent of schools, as the case may be. The principal or
22 administrative official shall be responsible for all expenditures
23 therefrom, subject to regulations prescribed for this purpose by
24 the governing board or the county superintendent of schools, as
25 the case may be. An exact accounting of receipts and disbursements
26 shall be made to the district or county accounting office within a
27 reasonable period of time. The governing board or the county
28 superintendent of schools, as the case may be, shall provide for an
29 audit of these accounts on a regular basis.

30 SEC. 339. Section 52309 of the Education Code is amended
31 to read:

32 52309. (a) The curriculum initially provided by a regional
33 occupational center or regional occupational program upon
34 commencing operation shall be subject to the approval of the
35 department and shall comply with all requirements and standards
36 set forth in the State Plan for Career Technical Education. The
37 state board shall adopt rules and regulations establishing guidelines
38 and criteria for differentiating between courses appropriate for
39 regional occupational centers or regional occupational programs
40 and those appropriate for high schools.

1 (b) The Superintendent shall prepare and distribute by April 1,
2 1977, and thereafter maintain, a detailed handbook for use by the
3 local educational agencies and regional councils. The handbook
4 shall contain course approval criteria, job market study criteria,
5 implementation plans for administrative regulations, and
6 procedures for securing course and program approvals.

7 (c) Notwithstanding subdivision (a), the curriculum provided
8 by a regional occupational center or program shall not be subject
9 to the approval of the department as to any curriculum that is
10 certified, by resolution of the governing body of the regional
11 occupational center or program, to comply with the course approval
12 criteria set forth in the handbook described in subdivision (b).

13 SEC. 340. Section 52314 of the Education Code is amended
14 to read:

15 52314. (a) (1) Except as provided in subdivision (b), a pupil
16 eligible to attend a high school or adult school in a school district
17 subject to the jurisdiction of a county superintendent of schools
18 operating a regional occupational center or regional occupational
19 program, and who resides in a school district which by itself or in
20 cooperation with other school districts, has not established a
21 regional occupational center, or regional occupational program,
22 is eligible to attend a regional occupational center or regional
23 occupational program maintained by the county superintendent of
24 schools. A school district which in cooperation with other school
25 districts maintains a regional occupational center or regional
26 occupational program, or cooperating school districts, may admit
27 to the center, or program, any pupil, otherwise eligible, who resides
28 in the school district or in any of the cooperating school districts.
29 A school district which by itself maintains a regional occupational
30 center, or regional occupational program, may admit to the center,
31 or program, any pupil, otherwise eligible, who resides in the school
32 district. A pupil, including a person 18 years of age or older or a
33 person who is not concurrently enrolled in a regular high school
34 program, shall not be admitted to a regional occupational center,
35 or regional occupational program, unless the county superintendent
36 of schools or governing board of the school district or school
37 districts maintaining the center, or program, as the case may be,
38 determines that the pupil will benefit therefrom and approves of
39 his or her admission to the regional occupational center or regional
40 occupational program.

(2) Adult students shall not be enrolled in regional occupational center or program courses during the school day on a high school campus unless specifically authorized by the policy of the governing board of the school district.

(3) A pupil may be admitted on a full-time or part-time basis, as determined by the county superintendent of schools or governing board of the school district or districts maintaining the center, or program, as the case may be.

(b) A pupil is not eligible to be admitted to a regional occupational center or program, and his or her attendance shall not be credited to a regional occupational center or program, until he or she has attained the age of 16 years, unless the pupil meets one or more of the following conditions:

(1) The pupil is enrolled in grade 11 or a higher grade.

(2) The pupil received a referral and all of the following conditions are met:

(A) The pupil is referred to a regional occupational center or program as part of a comprehensive high school plan that has been approved by a school counselor or school administrator. The approval of the pupil's parents or guardian may be sought but is not required.

(B) The pupil's comprehensive high school plan requires referral to a regional occupational center or program as part of a sequence of vocational courses that allows the pupil to learn a comprehensive skill occupation that culminates in earning a postsecondary vocational certificate or diploma or its equivalent.

(C) The pupil is enrolled in a school that maintains any of grades 9 to 12, inclusive.

(3) The individualized education program of a pupil adopted pursuant to the requirements of Chapter 4 (commencing with Section 56300) of Part 30 prescribes occupational training for which his or her enrollment in a regional occupational center or program is deemed appropriate.

(4) The pupil is enrolled in grade 10 and has a comprehensive high school plan that has been approved by a school counselor, and the admission of that pupil will not result in the denial of admission or displacement of pupils in grades 11 and 12 that would otherwise participate in the regional occupational center or program.

1 SEC. 341. Section 52315 of the Education Code is amended
2 to read:

3 52315. (a) A visually impaired, orthopedically impaired, or
4 deaf person who is not enrolled in a regular high school or
5 community college program may attend a regional occupational
6 center or regional occupational program pursuant to the
7 requirements described in Section 52314.5. Additional special
8 instruction and support services shall be provided to these persons.

9 (b) If the Superintendent determines that there would be a
10 duplication of effort to these impaired persons if a regional
11 occupational center or regional occupational program provided
12 services to them, in that other programs exist that are available to
13 them, the Superintendent may disapprove of the curriculum to
14 provide programs to these impaired persons pursuant to Section
15 52309.

16 SEC. 342. Section 52319 of the Education Code is amended
17 to read:

18 52319. (a) Whenever the establishment and maintenance of a
19 regional occupational center by two or more school districts has
20 been undertaken pursuant to an agreement entered into in
21 accordance with the provisions of Article 1 (commencing with
22 Section 6500) of Chapter 5 of Division 7 of Title 1 of the
23 Government Code, and the terms of the agreement so authorize,
24 provision may be made for the issuance of bonds for construction
25 and other capital expenditure for the regional occupational center.
26 An election shall be called, held, and conducted in the manner
27 provided in Chapter 3 (commencing with Section 5300) of Part 4
28 of Division 1 of Title 1 on the question of the approval of the
29 issuance of such bonds. If, at the election, the requisite number of
30 voters cast their ballots in favor of the issuance of bonds, the bonds
31 shall be issued and sold in the manner provided by law for the
32 issuance and sale of bonds of a high school district. The issuance
33 and sale of such bonds shall be deemed to be an act of the
34 governing board of a high school district.

35 (b) The total amount of bonds issued shall not exceed one-half
36 of 1 percent of the taxable property of the area served by the
37 regional occupational center as shown by the last equalized
38 assessment roll of the county or counties which the center serves.

39 (c) Bonds issued and sold pursuant to this section shall be retired
40 from proceeds of the tax under the provisions of Section 52317.

1 SEC. 343. Section 52321 of the Education Code is amended
2 to read:

3 52321. (a) A regional occupational center or program may
4 budget and accumulate an amount necessary to meet the cashflow
5 needs of the regional occupational center or program known as a
6 general reserve, and also may budget and accumulate amounts
7 known as the designated fund balance and as the unappropriated
8 fund balance. Alternatively, a regional occupational center or
9 program may budget and accumulate amounts necessary to meet
10 its long-term program needs in a separate account known as the
11 capital outlay and equipment replacement reserve account, and
12 this account shall be part of the designated fund balance. At the
13 end of each school year, the ending balance in the regional
14 occupational center or program account may be distributed to any
15 of the general reserve, designated fund balance, and unappropriated
16 fund balance accounts, provided that the combined total distributed
17 does not exceed 15 percent of the expenditures for the current
18 school year.

19 (1) The general reserve, the designated fund balance, including
20 the capital outlay and equipment replacement reserve account, and
21 the unappropriated fund balance shall be available for appropriation
22 only after approval by a majority vote of the governing body of
23 the regional occupational center or program.

24 (2) Funds of a regional occupational center or program shall be
25 distributed to the capital outlay and equipment replacement reserve
26 account only upon adoption by the governing board of a resolution
27 specifying the general use to which each appropriation from the
28 account would be put.

29 (b) (1) At the end of each school year, the combined ending
30 balances of the general reserve, the designated fund balance, except
31 the capital outlay and equipment replacement reserve account, and
32 the unappropriated fund balance shall not exceed 15 percent of the
33 expenditures for the current fiscal year.

34 (2) A regional occupational center or program may accumulate,
35 over a period of two or more school years, an ending balance in
36 the capital outlay and equipment replacement reserve account of
37 more than 15 percent of the expenditures for the current fiscal
38 year, under provisions of a resolution of the governing board
39 pursuant to paragraph (2) of subdivision (a).

1 (c) Funds placed in either the general reserve, the designated
2 fund balance, including the capital outlay and equipment
3 replacement reserve account, or the unappropriated fund balance
4 shall be expended only for regional occupational center or program
5 educational purposes.

6 SEC. 344. Section 52324 of the Education Code is repealed.

7 SEC. 345. Section 52324.5 of the Education Code is repealed.

8 SEC. 346. Section 52327 of the Education Code is amended
9 to read:

10 52327. The governing board of a school district maintaining
11 a regional occupational center may establish a bookstore on school
12 district property for the purpose of offering for sale textbooks,
13 workbooks, supplementary textbooks and workbooks, school
14 supplies, stationery supplies, confectionary items, and related
15 auxiliary school supplies and services.

16 The governing board of the school district may establish a
17 bookstore fund into which the proceeds derived from the operation
18 of a regional occupational center bookstore may be transferred.
19 Moneys in a bookstore fund shall be deposited or invested in one
20 or more of the following ways:

21 (a) Deposits in a bank or banks, or other institution, whose
22 accounts are federally insured.

23 (b) Investment certificates or withdrawable shares in
24 state-chartered savings and loan associations and savings accounts
25 of federal savings and loan associations, provided the associations
26 are doing business in this state and have their accounts insured by
27 the Federal Savings and Loan Insurance Corporation.

28 (c) Purchase of United States securities pursuant to subdivision
29 (a) of Section 16430 of the Government Code.

30 The governing board of the school district shall designate an
31 employee or official of the school district to act as trustee for funds
32 derived from the operation of a regional occupational center
33 bookstore and to receive those funds in accordance with procedures
34 established by the board.

35 All necessary expenses, including salaries, wages and costs of
36 capital improvements may be deducted from the revenue of a
37 regional occupational center bookstore. Net proceeds from the
38 operation of a regional occupational center bookstore shall be used
39 for the general benefit of the student body as determined by the
40 governing board of the school district. Income from a regional

1 occupational center bookstore shall not be included in the school
2 district funding allocation. Funds derived from the operation of a
3 regional occupational center bookstore shall be subject to audit
4 pursuant to Section 41020.

5 SEC. 347. Section 52327.5 of the Education Code is amended
6 to read:

7 52327.5. Each governing board establishing or maintaining a
8 regional occupational center or program pursuant to Section
9 52310.5 shall meet the requirements set forth in Sections 35145,
10 41010, 41011, 41015, 41020, 42103, 51040, 51041, and 51050.

11 SEC. 348. Section 52328 of the Education Code is amended
12 to read:

13 52328. A school district, located in whole or in part in a county
14 contiguous with the Republic of Mexico, or any county
15 superintendent of schools of a county contiguous with the Republic
16 of Mexico, which maintains a regional occupational center may
17 enter into a student exchange agreement with a trade and technical
18 training school located in the Republic of Mexico. Such student
19 exchange agreement shall permit Mexican pupils to take all or part
20 of their occupational training in the regional occupational center
21 and shall permit United States pupils to take all or part of their
22 occupational training in the Mexican trade and technical school.

23 SEC. 349. Section 52329 of the Education Code is amended
24 to read:

25 52329. The governing board of a school district located in a
26 county, or the county superintendent of schools maintaining a
27 regional occupational program in a county, any of the boundaries
28 of which are contiguous to the State of Arizona, may enter into an
29 agreement with a public or private educational agency located in
30 the State of Arizona to provide to pupils living in the school district
31 and enrolled in a regional occupational program, career technical
32 or technical training which, due to geographical isolation, is not
33 otherwise available to these pupils.

34 The program of training at the public or private educational
35 agency shall conform to the California State Plan for Career
36 Technical Education.

37 SEC. 350. Section 52334 of the Education Code is amended
38 to read:

39 52334. (a) Indirect costs charged to regional occupational
40 centers and programs may not exceed the school district or county

1 office of education, as appropriate, prior year indirect cost rate as
2 approved by the department.

3 (b) The indirect costs charged by county offices of education
4 and school districts that provide regional occupational centers and
5 programs services on behalf of the county office of education or
6 joint powers authority, when added together, may not exceed the
7 indirect cost rate approved by the department for the county office
8 of education or the school district, whichever is higher.

9 SEC. 351. Section 52335 of the Education Code is amended
10 to read:

11 52335. For purposes of this article, “ROC/P” means regional
12 occupational center or program.

13 SEC. 352. Section 52335.1 of the Education Code is repealed.

14 SEC. 353. Section 52335.2 of the Education Code is repealed.

15 SEC. 354. Section 52335.3 of the Education Code is repealed.

16 SEC. 355. Section 52335.4 of the Education Code is repealed.

17 SEC. 356. Section 52335.5 of the Education Code is repealed.

18 SEC. 357. Section 52335.6 of the Education Code is repealed.

19 SEC. 358. Section 52335.12 of the Education Code is amended
20 to read:

21 52335.12. (a) As a condition of receiving state or federal funds,
22 the regional occupational center or program shall report annually
23 to the department the academic and workforce preparation progress
24 of the secondary pupils enrolled in the center or program. Indicators
25 to measure that progress shall include, but are not limited to, the
26 Standardized Testing and Reporting (STAR) Program, pursuant
27 to Article 4 (commencing with Section 60640) of Chapter 5 of
28 Part 33; the high school exit examination, pursuant to Chapter 9
29 (commencing with 60850) of Part 33; and other indicators of
30 academic and workforce preparation success, such as reduced
31 dropout rates, workforce preparation, increased matriculation into
32 postsecondary educational institutions, and other measures as
33 determined by the department.

34 (b) This section shall become effective only when the
35 longitudinal data on pupils enrolled in regional occupational centers
36 and programs can be disaggregated from the California longitudinal
37 pupil achievement data system database, established pursuant to
38 Chapter 10 (commencing with Section 60900) of Part 33.

1 SEC. 359. Article 1.7 (commencing with Section 52336) of
2 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
3 is repealed.

4 SEC. 360. Article 2 (commencing with Section 52340) of
5 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
6 is repealed.

7 SEC. 361. Article 3 (commencing with Section 52350) of
8 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
9 is repealed.

10 SEC. 362. Article 4 (commencing with Section 52370) of
11 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
12 is repealed.

13 SEC. 363. Article 4.5 (commencing with Section 52378) of
14 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
15 is repealed.

16 SEC. 364. Article 5 (commencing with Section 52381) of
17 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
18 is repealed.

19 SEC. 365. Article 7 (commencing with Section 52450) of
20 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
21 is repealed.

22 SEC. 366. Article 7.5 (commencing with Section 52460) of
23 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
24 is repealed.

25 SEC. 367. Article 8 (commencing with Section 52480) of
26 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
27 is repealed.

28 SEC. 368. Article 9 (commencing with Section 52485) of
29 Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code
30 is repealed.

31 SEC. 369. Article 1 (commencing with Section 52500) of
32 Chapter 10 of Part 28 of Division 4 of Title 2 of the Education
33 Code is repealed.

34 SEC. 370. Article 3 (commencing with Section 52540) of
35 Chapter 10 of Part 28 of Division 4 of Title 2 of the Education
36 Code is repealed.

37 SEC. 371. Article 4 (commencing with Section 52550) of
38 Chapter 10 of Part 28 of Division 4 of Title 2 of the Education
39 Code is repealed.

1 SEC. 372. Article 5 (commencing with Section 52570) of
2 Chapter 10 of Part 28 of Division 4 of Title 2 of the Education
3 Code is repealed.

4 SEC. 373. Article 6 (commencing with Section 52610) of
5 Chapter 10 of Part 28 of Division 4 of Title 2 of the Education
6 Code is repealed.

7 SEC. 374. Chapter 10.5 (commencing with Section 52651) of
8 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

9 SEC. 375. Article 4 (commencing with Section 52750) of
10 Chapter 11 of Part 28 of Division 4 of Title 2 of the Education
11 Code is repealed.

12 SEC. 376. Article 1 (commencing with Section 52800) of
13 Chapter 12 of Part 28 of Division 4 of Title 2 of the Education
14 Code is repealed.

15 SEC. 377. Chapter 13 (commencing with Section 52910) of
16 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

17 SEC. 378. Chapter 12.5 (commencing with Section 52920) of
18 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

19 SEC. 379. Chapter 17 (commencing with Section 53080) of
20 Part 28 of Division 4 of Title 2 of the Education Code is repealed.

21 SEC. 380. Chapter 1 (commencing with Section 54000) of Part
22 29 of Division 4 of Title 2 of the Education Code is repealed.

23 SEC. 381. Chapter 2 (commencing with Section 54100) of Part
24 29 of Division 4 of Title 2 of the Education Code is repealed.

25 SEC. 382. Section 54690 of the Education Code is amended
26 to read:

27 54690. (a) The Legislature hereby finds and declares that the
28 partnership academies program has proven to be a highly effective
29 state-school-private sector partnership, providing combined
30 academic and occupational training to high school pupils who
31 present a high risk of dropping out of school, and motivating those
32 pupils to stay in school and graduate. Partnership academies are
33 functioning in high schools across the state, with occupational
34 education and skills development successfully offered in
35 California's 15 different industry sectors, including electronics,
36 computer technology, finance, agribusiness, alternative energy,
37 environmental design and construction, graphic arts and printing,
38 international business, and space. Partnership academies have been
39 honored with national awards for excellence, and the California
40 partnership academies have been given high accolades in various

1 textbooks and studies addressing career technical education
2 programs.

3 (b) The Legislature finds the partnership academies are in the
4 forefront of school efforts to integrate academic and career
5 technical education and that they can be effective in providing an
6 integrated learning program and high motivation toward pursuing
7 skilled occupational fields to pupils at risk of dropping out of
8 school and to pupils not motivated by the regular educational
9 curriculum. Further, the Legislature finds the partnership academies
10 can make a very positive contribution towards meeting the needs
11 of the state for a highly skilled and educated workforce in the 21st
12 century.

13 (c) Therefore, the Legislature hereby states its intent to expand
14 the number of partnership academies in this state's high schools,
15 hereafter to be known as California Partnership Academies; to
16 broaden the availability of these learning experiences to interested
17 pupils who do not meet the criteria of "at-risk" pupils; and to
18 encourage the establishment of academies whose occupational
19 fields address the needs of developing technologies.

20 (d) For purposes of this article, an "at-risk" pupil means a pupil
21 enrolled in high school who is at risk of dropping out of school,
22 as indicated by at least three of the following criteria:

23 (1) Past record of irregular attendance. For purposes of this
24 section, "irregular attendance" means absence from school 20
25 percent or more of the school year.

26 (2) Past record of underachievement in which the pupil is at
27 least one-third of a year behind the coursework for the respective
28 grade level, or as demonstrated by credits achieved.

29 (3) Past record of low motivation or a disinterest in the regular
30 school program.

31 (4) Disadvantaged economically.

32 (5) Scoring below basic or far below basic in mathematics or
33 English language arts on the standardized test administered
34 pursuant to Article 4 (commencing with Section 60640) of Chapter
35 5 of Part 33.

36 (6) Maintaining a grade point average of 2.2 or below, or the
37 equivalent of a C minus.

38 (e) Up to one-half of the pupils enrolled at a partnership
39 academy may be pupils who do not meet the criteria of "at-risk"
40 pupils.

1 SEC. 383. Section 54691 of the Education Code is amended
2 to read:

3 54691. (a) An academy pupil is a pupil who is enrolled in a
4 partnership academy for the 10th, 11th, or 12th grade, obtains 90
5 percent of the credits each academic year in courses that are
6 required for graduation, and does any of the following:

7 (1) Successfully completes a school year during the 10th grade
8 with an attendance record of no less than 80 percent.

9 (2) Successfully completes a school year during the 11th grade
10 with an attendance record of no less than 80 percent.

11 (3) Successfully graduates after the 12th grade.

12 A pupil enrolled in an academy who successfully completes only
13 one semester with regard to enrollment, attendance, and credits
14 within the school year is considered qualified for that semester.

15 (b) At the end of each school year, school districts that choose
16 to operate an academy pursuant to this article are encouraged to
17 report following information to the Superintendent:

18 (1) The operation of each academy in accordance with this
19 article, including Sections 54692 and 54694.

20 (2) The number of qualified pupils enrolled during the just
21 completed school year, by grade level, for each academy operated
22 by the school district.

23 (3) The amount of matching funds and the dollar value of in-kind
24 support made available to each academy in accordance with
25 subdivisions (a) and (b) of Section 54692.

26 SEC. 384. Section 54692 of the Education Code is amended
27 to read:

28 54692. A school district operating a partnership academy is
29 encouraged to operate an academy as follows:

30 (a) Establish each academy as a “school within a school.”
31 Academy teachers shall work as a team in planning, teaching, and
32 troubleshooting program activities. Classes in the academy program
33 shall be limited to academy pupils as specified in subdivision (e).
34 Each participating school district shall establish an advisory
35 committee consisting of individuals involved in academy
36 operations, including school district and school administrators,
37 lead teachers, and representatives of the private sector.

38 (b) Provide each academy pupil with the following:

39 (1) Instruction in at least three academic subjects each regular
40 school term that prepares the pupil for a regular high school

1 diploma, and, where possible and appropriate, to meet the subject
2 requirements for admission to the California State University and
3 the University of California. These subjects should contribute to
4 an understanding of the occupational field of the academy.

5 (2) Career technical education courses offered at each grade
6 level at the academy that are part of an occupational course
7 sequence that targets comprehensive skills and that does the
8 following:

9 (A) Provides career technical education in high skill occupations
10 of regional and local economic need.

11 (B) Focuses on occupations requiring comprehensive skills
12 leading to higher than entry-level wages, or the possibility of
13 significant wage increases after a few years on the job, or both.

14 (C) Provides a sequence of courses that build upon each other
15 in knowledge, skill development, and experience, and ends in a
16 capstone course that includes an internship component.

17 (D) Prepares pupils for employment and postsecondary
18 education. Sequenced courses shall be linked to certificate and
19 degree programs in the region, where possible.

20 (E) Whenever possible, prepares pupils for industry-recognized
21 certifications.

22 (F) Whenever possible and appropriate, offers career technical
23 education courses that also meet the subject requirements for
24 admission to the California State University and the University of
25 California.

26 (3) A class schedule that limits the attendance to the classes
27 required in paragraphs (1) and (2) to pupils of the academy.
28 Whenever possible, these classes should be block scheduled in a
29 cluster to provide flexibility to academy teachers. During the 12th
30 grade the number of academic classes may vary.

31 (4) A mentor from the business community during the pupil's
32 11th grade year.

33 (5) An employer-based internship or work experience that occurs
34 in the summer following the 11th grade or during 12th grade year.

35 (6) Additional motivational activities with private sector
36 involvement to encourage academic and occupational preparation.

37 (c) Provide academy teachers a common planning period to
38 interchange pupil and educational information. A second planning
39 period should be provided for the lead teacher in addition to the

1 normal planning period for full-time teachers and be supported as
2 a part of the school district's matching funds, whenever practical.

3 SEC. 385. Section 54693 of the Education Code is repealed.

4 SEC. 386. Section 54695 of the Education Code is amended
5 to read:

6 54695. (a) The 9th grade teachers and counselors in schools
7 maintained by school districts that operate academies pursuant to
8 this article shall identify pupils eligible to participate in an
9 academy.

10 (b) Teachers and counselors in schools maintained by school
11 districts that operate academies pursuant to this article, business
12 representatives, and academy pupils of academies that are operating
13 in the area shall be encouraged to make presentations to prospective
14 pupils and their parents.

15 (c) The staff of each academy shall select pupils from among
16 those who have expressed an interest in the academy and whose
17 parents or guardians have approved the pupil's participation.

18 SEC. 387. Section 54699 of the Education Code is amended
19 to read:

20 54699. (a) School districts may implement a partnership
21 academy, or maintain an existing academy, that focuses on
22 employment in clean technology businesses or renewable energy
23 businesses and provides skilled workforces for the products and
24 services for energy or water conservation, or both, renewable
25 energy, pollution reduction, or other technologies that improve the
26 environment in furtherance of state environmental laws.

27 (b) The State Energy Resources Conservation and Development
28 Commission, in consultation with the Superintendent, shall adopt
29 guidelines so that programs may reflect current state energy
30 policies and priorities as well as provide skills and education linked
31 to the needs of relevant industries.

32 (c) Notwithstanding any other law, any guideline adopted
33 pursuant to this section shall be exempt from the requirements of
34 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
35 3 of Title 2 of the Government Code.

36 (d) School districts are encouraged to establish partnership
37 academies that are consistent with the guidelines developed by the
38 State Energy Resources Conservation and Development
39 Commission pursuant to subdivision (b).

(e) School districts that operate a clean technology partnership academy are encouraged to work and coordinate with regional occupational centers and programs for the required career technical education sequence of courses.

(f) Commencing in 2014 and not later than January 1 of each year for which this article is operative, the Superintendent, in consultation with the State Energy Resources Conservation and Development Commission, shall provide a report to the Legislature that includes, but is not limited to, a description of the curriculum and substance of the programs funded operated pursuant to this article. The first annual report shall include the identification of gaps in available curricula relating to clean technology and renewable energy that are consistent with current state energy policy and priorities, as well as the proportion of participating pupils who meet the at-risk criteria enumerated in subdivision (d) of Section 54690. The report also shall include available pupil participation data.

SEC. 388. Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 389. Section 54750 of the Education Code is amended to read:

54750. (a) School districts are encouraged to establish partnership academies dedicated to educating pupils in the emerging environmentally sound technologies. The academies may include, but are not limited to, technologies that educate pupils in the following areas:

(1) Energy audits that include a determination of energy savings.

(2) Retrofitting and weatherization activities that increase energy efficiency and conservation.

(3) Energy-efficient and water-efficient buildings.

(4) Retrofitting and installing energy-efficient household appliances, windows, doors, insulation, and lighting.

(5) Retrofitting and installing water and energy conservation technologies in existing homes, industrial buildings, and commercial and public buildings, to improve efficiency, including the use of energy and water management technologies and control systems.

(6) The design, construction, manufacture, sale, assembly, installation, and maintenance of energy-efficient technologies and

1 renewable energy facilities, or the component parts of renewable
2 energy technologies.

3 (7) Energy-efficient technologies or practices and renewable
4 energy production, or the component parts of renewable energy
5 plants and energy distribution, including energy storage; energy
6 infrastructure, including transmission; transportation, including
7 logistics; and water and wastewater, including water conservation.

8 (8) Performance and low-emission vehicle technology,
9 automotive computer systems, mass transit fleet conversion, and
10 the servicing and maintenance of those technologies.

11 (9) Pollution prevention and hazardous and solid waste
12 reduction.

13 (10) Ocean, soil, or water conservation, or forestation strategies
14 to mitigate climate change impacts.

15 (b) A school district operating green technology partnership
16 academies is encouraged to provide staff development opportunities
17 to ensure that teaching staff has the opportunity to be educated in
18 the use of emerging technologies and to become familiar with new
19 materials and current practices in the field.

20 SEC. 390. Article 7.7 (commencing with Section 54760) of
21 Chapter 9 of Part 29 of Division 4 of Title 2 of the Education Code
22 is repealed.

23 SEC. 391. Section 56365 of the Education Code is amended
24 to read:

25 56365. (a) Services provided by nonpublic, nonsectarian
26 schools, as defined pursuant to Section 56034, and nonpublic,
27 nonsectarian agencies, as defined pursuant to Section 56035, shall
28 be made available. These services shall be provided pursuant to
29 Section 56366, and in accordance with Section 300.146 of Title
30 34 of the Code of Federal Regulations, under contract with the
31 local educational agency to provide the appropriate special
32 educational facilities, special education, or designated instruction
33 and services required by the individual with exceptional needs if
34 no appropriate public education program is available.

35 (b) Pupils enrolled in nonpublic, nonsectarian schools and
36 agencies under this section shall be deemed to be enrolled in public
37 schools for all purposes of Chapter 4 (commencing with Section
38 41600) of Part 24 of Division 3 and Section 42238.02. The local
39 educational agency shall be eligible to receive allowances under
40 Articles 3 (commencing with Section 56836.165) and 4

1 (commencing with Section 56836.20) of Chapter 7.2 for services
2 that are provided to individuals with exceptional needs pursuant
3 to the contract.

4 (c) If the state participates in the federal program of assistance
5 for state-operated or state-supported programs for individuals with
6 exceptional needs (Public Law 89-313, Sec. 6), pupils enrolled in
7 nonpublic, nonsectarian schools shall be deemed to be enrolled in
8 state-supported institutions for all purposes of that program and
9 shall be eligible to receive allowances under Chapter 7.2
10 (commencing with Section 56836) for supplemental services
11 provided to individuals with exceptional needs pursuant to a
12 contract with a local educational agency. In order to participate in
13 the federal program, the state shall find that participation will not
14 result in any additional expenditures from the General Fund.

15 (d) The local educational agency shall pay to the nonpublic,
16 nonsectarian school or agency the full amount of the tuition for
17 individuals with exceptional needs that are enrolled in programs
18 provided by the nonpublic, nonsectarian school pursuant to the
19 contract.

20 (e) Before contracting with a nonpublic, nonsectarian school or
21 agency outside of this state, the local educational agency shall
22 document its efforts to utilize public schools or to locate an
23 appropriate nonpublic, nonsectarian school or agency program, or
24 both, within the state.

25 (f) If a local educational agency places a pupil with a nonpublic,
26 nonsectarian school or agency outside of this state, the pupil's
27 individualized education program team shall submit a report to
28 the Superintendent within 15 days of the placement decision. The
29 report shall include information about the special education and
30 related services provided by the out-of-state program placement
31 and the costs of the special education and related services provided,
32 and shall indicate the efforts of the local educational agency to
33 locate an appropriate public school or nonpublic, nonsectarian
34 school or agency, or a combination thereof, within the state. The
35 Superintendent shall submit a report to the board on all placements
36 made outside of this state.

37 (g) If a local educational agency decides to place a pupil with
38 a nonpublic, nonsectarian school or agency outside of this state,
39 that local educational agency shall indicate the anticipated date
40 for the return of the pupil to a public or nonpublic, nonsectarian

1 school or agency placement, or a combination thereof, located in
2 the state and shall document efforts during the previous placement
3 year to return the pupil.

4 (h) In addition to meeting the requirements of Section 56366.1,
5 a nonpublic, nonsectarian school or agency that operates a program
6 outside of this state shall be certified or licensed by that state to
7 provide, respectively, special education and related services and
8 designated instruction and related services to pupils under the
9 federal Individuals with Disabilities Education Act (20 U.S.C. Sec.
10 1400 et seq.).

11 (i) A nonpublic, nonsectarian school or agency that is located
12 outside of this state is eligible for certification pursuant to Section
13 56366.1 only if a pupil is enrolled in a program operated by that
14 school or agency pursuant to the recommendation of an
15 individualized education program team in California, and if that
16 pupil's parents or guardians reside in California.

17 (j) In accordance with Section 300.147(b) and (c) of Title 34 of
18 the Code of Federal Regulations, the department shall disseminate
19 copies of applicable standards to each nonpublic, nonsectarian
20 school and nonpublic, nonsectarian agency to which a local
21 educational agency has referred or placed an individual with
22 exceptional needs and shall provide an opportunity for those
23 nonpublic, nonsectarian schools and nonpublic, nonsectarian
24 agencies to participate in the development and revision of state
25 standards that apply to those entities.

26 SEC. 392. Section 56366.1 of the Education Code is amended
27 to read:

28 56366.1. (a) A nonpublic, nonsectarian school or agency that
29 seeks certification shall file an application with the Superintendent
30 on forms provided by the department and include the following
31 information on the application:

32 (1) A description of the special education and designated
33 instruction and services provided to individuals with exceptional
34 needs if the application is for nonpublic, nonsectarian school
35 certification.

36 (2) A description of the designated instruction and services
37 provided to individuals with exceptional needs if the application
38 is for nonpublic, nonsectarian agency certification.

39 (3) A list of appropriately qualified staff, a description of the
40 credential, license, or registration that qualifies each staff member

1 rendering special education or designated instruction and services
2 to do so, and copies of their credentials, licenses, or certificates of
3 registration with the appropriate state or national organization that
4 has established standards for the service rendered.

5 (4) An annual operating budget.

6 (5) Affidavits and assurances necessary to comply with all
7 applicable federal, state, and local laws and regulations that include
8 criminal record summaries required of all nonpublic, nonsectarian
9 school or agency personnel having contact with minor children
10 under Section 44237.

11 (b) (1) The applicant shall provide the special education local
12 plan area in which the applicant is located with the written
13 notification of its intent to seek certification or renewal of its
14 certification. The applicant shall submit on a form, developed by
15 the department, a signed verification by local educational agency
16 representatives that they have been notified of the intent to certify
17 or renew certification. The verification shall include a statement
18 that representatives of the local educational agency for the area in
19 which the applicant is located have had the opportunity to review
20 the application at least 60 calendar days prior to submission of an
21 initial application to the Superintendent, or at least 30 calendar
22 days prior to submission of a renewal application to the
23 Superintendent. The signed verification shall provide assurances
24 that local educational agency representatives have had the
25 opportunity to provide input on all required components of the
26 application.

27 (2) If the applicant has not received a response from the local
28 educational agency 60 calendar days from the date of the return
29 receipt for initial applications or 30 calendar days from the date
30 of the return receipt for renewal applications, the applicant may
31 file the application with the Superintendent. A copy of the return
32 receipt shall be included with the application as verification of
33 notification efforts to the local educational agency.

34 (3) The department shall mail renewal application materials to
35 certified nonpublic, nonsectarian schools and agencies at least 120
36 days before the date their current certification expires.

37 (c) If the applicant operates a facility or program on more than
38 one site, each site shall be certified.

39 (d) If the applicant is part of a larger program or facility on the
40 same site, the Superintendent shall consider the effect of the total

1 program on the applicant. A copy of the policies and standards for
2 the nonpublic, nonsectarian school or agency and the larger
3 program shall be available to the Superintendent.

4 (e) Before certification, the Superintendent shall conduct an
5 onsite review of the facility and program for which the applicant
6 seeks certification. The Superintendent may be assisted by
7 representatives of the special education local plan area in which
8 the applicant is located and a nonpublic, nonsectarian school or
9 agency representative who does not have a conflict of interest with
10 the applicant. The Superintendent shall conduct an additional onsite
11 review of the facility and program within three years of the
12 effective date of the certification, unless the Superintendent
13 conditionally certifies the school or agency or unless the
14 Superintendent receives a formal complaint against the school or
15 agency. In the latter two cases, the Superintendent shall conduct
16 an onsite review at least annually.

17 (f) The Superintendent shall make a determination on an
18 application within 120 days of receipt of the application and shall
19 certify, conditionally certify, or deny certification to the applicant.
20 If the Superintendent fails to take one of these actions within 120
21 days, the applicant is automatically granted conditional certification
22 for a period terminating on August 31 of the current school year.
23 If certification is denied, the Superintendent shall provide reasons
24 for the denial. The Superintendent may certify the school or agency
25 for a period of not longer than one year.

26 (g) Certification becomes effective on the date the nonpublic,
27 nonsectarian school or agency meets all the application
28 requirements and is approved by the Superintendent. Certification
29 may be retroactive if the school or agency met all the requirements
30 of this section on the date the retroactive certification is effective.
31 Certification expires on December 31 of the terminating year.

32 (h) The Superintendent annually shall review the certification
33 of each nonpublic, nonsectarian school and agency. For this
34 purpose, a certified school or agency annually shall update its
35 application between August 1 and October 31, unless the board
36 grants a waiver pursuant to Section 56101. The Superintendent
37 may conduct an onsite review as part of the annual review.

38 (i) (1) The Superintendent shall conduct an investigation of a
39 nonpublic, nonsectarian school or agency onsite at any time without
40 prior notice if there is substantial reason to believe that there is an

1 immediate danger to the health, safety, or welfare of a child. The
2 Superintendent shall document the concern and submit it to the
3 nonpublic, nonsectarian school or agency at the time of the onsite
4 investigation. The Superintendent shall require a written response
5 to any noncompliance or deficiency found.

6 (2) With respect to a nonpublic, nonsectarian school, the
7 Superintendent shall conduct an investigation, which may include
8 an unannounced onsite visit, if the Superintendent receives
9 evidence of a significant deficiency in the quality of educational
10 services provided, a violation of Section 56366.9, or
11 noncompliance with the policies expressed by subdivision (b) of
12 Section 1501 of the Health and Safety Code by the nonpublic,
13 nonsectarian school. The Superintendent shall document the
14 complaint and the results of the investigation and shall provide
15 copies of the documentation to the complainant, the nonpublic,
16 nonsectarian school, and the contracting local educational agency.

17 (3) Violations or noncompliance documented pursuant to
18 paragraph (1) or (2) shall be reflected in the status of the
19 certification of the school, at the discretion of the Superintendent,
20 pending an approved plan of correction by the nonpublic,
21 nonsectarian school. The department shall retain for a period of
22 10 years all violations pertaining to certification of the nonpublic,
23 nonsectarian school or agency.

24 (j) The Superintendent shall monitor the facilities, the
25 educational environment, and the quality of the educational
26 program, including the teaching staff, the credentials authorizing
27 service, the standards-based core curriculum being employed, and
28 the standard-focused instructional materials used, of an existing
29 certified nonpublic, nonsectarian school or agency on a three-year
30 cycle, as follows:

31 (1) The nonpublic, nonsectarian school or agency shall complete
32 a self-review in year one.

33 (2) The Superintendent shall conduct an onsite review of the
34 nonpublic, nonsectarian school or agency in year two.

35 (3) The Superintendent shall conduct a followup visit to the
36 nonpublic, nonsectarian school or agency in year three.

37 (k) (1) Notwithstanding any other law, the Superintendent shall
38 not certify a nonpublic, nonsectarian school or agency that proposes
39 to initiate or expand services to pupils currently educated in the
40 immediate prior fiscal year in a juvenile court program, community

1 school pursuant to Section 56150, or other nonspecial education
2 program, including independent study or adult school, or both,
3 unless the nonpublic, nonsectarian school or agency notifies the
4 county superintendent of schools and the special education local
5 plan area in which the proposed new or expanded nonpublic,
6 nonsectarian school or agency is located of its intent to seek
7 certification.

8 (2) The notification shall occur no later than the December 1
9 before the new fiscal year in which the proposed or expanding
10 school or agency intends to initiate services. The notice shall
11 include the following:

12 (A) The specific date upon which the proposed nonpublic,
13 nonsectarian school or agency is to be established.

14 (B) The location of the proposed program or facility.

15 (C) The number of pupils proposed for services, the number of
16 pupils currently served in the juvenile court, community school,
17 or other nonspecial education program, the current school services
18 including special education and related services provided for these
19 pupils, and the specific program of special education and related
20 services to be provided under the proposed program.

21 (D) The reason for the proposed change in services.

22 (E) The number of staff who will provide special education and
23 designated instruction and services and hold a current valid
24 California credential or license in the service rendered.

25 (3) In addition to the requirements in subdivisions (a) to (f),
26 inclusive, the Superintendent shall require and consider the
27 following in determining whether to certify a nonpublic,
28 nonsectarian school or agency as described in this subdivision:

29 (A) A complete statement of the information required as part
30 of the notice under paragraph (1).

31 (B) Documentation of the steps taken in preparation for the
32 conversion to a nonpublic, nonsectarian school or agency, including
33 information related to changes in the population to be served and
34 the services to be provided pursuant to each pupil's individualized
35 education program.

36 (4) Notwithstanding any other law, the certification becomes
37 effective no earlier than July 1 if the school or agency provided
38 the notification required pursuant to paragraph (1).

1 (l) (1) Notwithstanding any other law, the Superintendent shall
2 not certify or renew the certification of a nonpublic, nonsectarian
3 school or agency, unless all of the following conditions are met:

4 (A) The entity operating the nonpublic, nonsectarian school or
5 agency maintains separate financial records for each entity that it
6 operates, with each nonpublic, nonsectarian school or agency
7 identified separately from any licensed children's institution that
8 it operates.

9 (B) The entity submits an annual budget that identifies the
10 projected costs and revenues for each entity and demonstrates that
11 the rates to be charged are reasonable to support the operation of
12 the entity.

13 (C) The entity submits an entitywide annual audit that identifies
14 its costs and revenues, by entity, in accordance with generally
15 accepted accounting and auditing principles. The audit shall clearly
16 document the amount of moneys received and expended on the
17 education program provided by the nonpublic, nonsectarian school.

18 (D) The relationship between various entities operated by the
19 same entity are documented, defining the responsibilities of the
20 entities. The documentation shall clearly identify the services to
21 be provided as part of each program, for example, the residential
22 or medical program, the mental health program, or the educational
23 program. The entity shall not seek funding from a public agency
24 for a service, either separately or as part of a package of services,
25 if the service is funded by another public agency, either separately
26 or as part of a package of services.

27 (2) For purposes of this section, "licensed children's institution"
28 has the same meaning as it is defined by Section 56155.5.

29 (m) The school or agency shall be charged a reasonable fee for
30 certification. The Superintendent may adjust the fee annually
31 commensurate with the statewide average percentage inflation
32 adjustment computed for local control funding formula allocations
33 pursuant to Section 42238.02, as implemented by Section 42238.03,
34 of unified school districts with greater than 1,500 units of average
35 daily attendance if the percentage increase is reflected in the school
36 district local control funding formula allocation pursuant to Section
37 42238.02, as implemented by Section 42238.03, for inflation
38 purposes. For purposes of this section, the base fee shall be the
39 following:

1	(1) 1–5 pupils	\$ 300
2	(2) 6–10 pupils	500
3	(3) 11–24 pupils	1,000
4	(4) 25–75 pupils	1,500
5	(5) 76 pupils and over	2,000

6

7 The school or agency shall pay this fee when it applies for
8 certification and when it updates its application for annual renewal
9 by the Superintendent. The Superintendent shall use these fees to
10 conduct onsite reviews, which may include field experts. No fee
11 shall be refunded if the application is withdrawn or is denied by
12 the Superintendent.

13 (n) (1) Notwithstanding any other law, only those nonpublic,
14 nonsectarian schools and agencies that provide special education
15 and designated instruction and services utilizing staff who hold a
16 certificate, permit, or other document equivalent to that which staff
17 in a public school are required to hold in the service rendered are
18 eligible to receive certification. Only those nonpublic, nonsectarian
19 schools or agencies located outside of California that employ staff
20 who hold a current valid credential or license to render special
21 education and related services as required by that state shall be
22 eligible to be certified.

23 (2) The board shall develop regulations to implement this
24 subdivision.

25 (o) In addition to meeting the standards adopted by the board,
26 a nonpublic, nonsectarian school or agency shall provide written
27 assurances that it meets all applicable standards relating to fire,
28 health, sanitation, and building safety.

29 SEC. 393. Section 56836.21 of the Education Code is amended
30 to read:

31 56836.21. (a) The department shall administer an extraordinary
32 cost pool to protect special education local plan areas from the
33 extraordinary costs associated with single placements as described
34 in subdivision (d). Funds shall be appropriated for this purpose in
35 the annual Budget Act. Special education local plan areas shall be
36 eligible for reimbursement from this pool in accordance with this
37 section.

38 (b) The threshold amount for claims under this section shall be
39 the lesser of the following:

1 (1) One percent of the allocation calculated pursuant to Section
2 56836.08 for the special education local plan area for the current
3 fiscal year for any special education local plan area that meets the
4 criteria in Section 56212.

5 (2) The department shall calculate the average cost of a
6 nonpublic, nonsectarian school placement in the 1997–98 fiscal
7 year. This amount shall be multiplied by 2.5, then by one plus the
8 inflation factor computed pursuant to Section 42238.1, as that
9 section read on June 30, 2013, to obtain the alternative threshold
10 amount for claims in the 1998–99 fiscal year. In subsequent fiscal
11 years, the alternative threshold amount shall be the alternative
12 threshold amount for the prior fiscal year multiplied by one plus
13 the inflation factor computed pursuant to Section 42238.1, as that
14 section read on June 30, 2013, through the 2012–13 fiscal year
15 and commencing with the 2013–14 fiscal year, paragraph (2) of
16 subdivision (d) of Section 42238.02.

17 (c) Special education local plan areas are eligible to submit
18 claims for costs exceeding the threshold amount on forms
19 developed by the department. All claims for a fiscal year shall be
20 submitted by November 30 following the close of the fiscal year.
21 If the total amount claimed by special education local plan areas
22 exceeds the amount appropriated, the claims shall be prorated.

23 (d) Special education local plan areas are eligible to submit
24 claims for the costs of nonpublic, nonsectarian school placements
25 in excess of those in existence in the 1997–98 fiscal year and of
26 special education and related services for pupils who reside in
27 licensed children's institutions.

28 SEC. 394. Section 56836.24 of the Education Code is amended
29 to read:

30 56836.24. Commencing with the 1998–99 fiscal year and each
31 year thereafter, the Superintendent shall make the following
32 computations to determine the amount of funding for the purposes
33 specified in Section 56836.23 to apportion to each special education
34 local plan area for the fiscal year in which the computation is made:

35 (a) For the 1998–99 fiscal year the superintendent shall make
36 the following computations:

37 (1) Multiply the total amount of state General Fund money
38 allocated to the special education local plan areas in the 1997–98
39 fiscal year, for the purposes of Article 9 (commencing with Section
40 56780) of Chapter 7, as that chapter existed on December 31, 1998,

1 by one plus the inflation factor computed pursuant to subdivision
2 (b) of Section 42238.1, as that section read on June 30, 2013, for
3 the 1998–99 fiscal year.

4 (2) Divide the amount calculated in paragraph (1) by the units
5 of average daily attendance, exclusive of average daily attendance
6 for absences excused pursuant to subdivision (b) of Section 46010
7 as that subdivision read on July 1, 1997, reported for the special
8 education local plan area for the 1997–98 fiscal year.

9 (3) To determine the amount to be allocated to each special
10 education local plan area in the 1998–99 fiscal year, the
11 superintendent shall multiply the amount computed in paragraph
12 (2) by the number of units of average daily attendance reported
13 for the special education local plan area for the 1998–99 fiscal
14 year, except that a special education local plan area designated as
15 a necessary small special education local plan area in accordance
16 with Section 56212 and reporting fewer than 15,000 units of
17 average daily attendance for the 1998–99 fiscal year shall be
18 deemed to have 15,000 units of average daily attendance, and no
19 special education local plan area shall receive less than it received
20 in the 1997–98 fiscal year.

21 (b) For the 1999–2000 fiscal year and each fiscal year thereafter,
22 the Superintendent shall make the following calculations:

23 (1) Multiply the amount determined in paragraph (2) of
24 subdivision (a) by one plus the inflation factor computed pursuant
25 to subdivision (b) of Section 42238.1, as that section read on June
26 30, 2013, and commencing with the 2013–14 fiscal year, paragraph
27 (2) of subdivision (d) of Section 42238.02 for the current fiscal
28 year.

29 (2) Multiply the amount determined in paragraph (1) by the
30 number of units of average daily attendance reported for the special
31 education local plan area for the current fiscal year, except that a
32 special education local plan area designated as a necessary small
33 special education local plan area in accordance with Section 56212
34 and reporting fewer than 15,000 units of average daily attendance
35 for the current fiscal year shall be deemed to have 15,000 units of
36 average daily attendance.

37 SEC. 395. Chapter 3.1 (commencing with Section 58520) of
38 Part 31 of Division 4 of Title 2 of the Education Code is repealed.

39 SEC. 396. Chapter 5 (commencing with Section 58700) of Part
40 31 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 397. Chapter 6 (commencing with Section 58800) of Part 31 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 398. The heading of Article 7 (commencing with Section 60117) of Chapter 1 of Part 33 of Division 4 of Title 2 of the Education Code is amended to read:

Article 7. Sufficiency of Instructional Materials

SEC. 399. Section 60117 of the Education Code is repealed.

SEC. 400. Section 60118 of the Education Code is repealed.

SEC. 401. Section 60119 of the Education Code is amended to read:

60119. (a) The governing board of a school district shall take the following actions:

(1) (A) The governing board of a school district shall hold a public hearing or hearings at which the governing board of the school district shall encourage participation by parents, teachers, members of the community interested in the affairs of the school district, and bargaining unit leaders, and shall make a determination, through a resolution, as to whether each pupil in each school in the school district has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted pursuant to Section 60605 or 60605.8 in each of the following subjects, as appropriate, that are consistent with the content and cycles of the curriculum framework adopted by the state board:

(i) Mathematics.

(ii) Science.

(iii) History-social science.

(iv) English language arts, including the English language development component of an adopted program.

(B) The public hearing shall take place on or before the end of the eighth week from the first day pupils attend school for that year. A school district that operates schools on a multitrack, year-round calendar shall hold the hearing on or before the end of the eighth week from the first day pupils attend school for that year on any tracks that begin a school year in August or September. For purposes of the 2004–05 fiscal year only, the governing board of a school district shall make a diligent effort to hold a public hearing pursuant to this section on or before December 1, 2004.

1 (C) As part of the hearing required pursuant to this section, the
2 governing board of a school district also shall make a written
3 determination as to whether each pupil enrolled in a foreign
4 language or health course has sufficient textbooks or instructional
5 materials that are consistent with the content and cycles of the
6 curriculum frameworks adopted by the state board for those
7 subjects. The governing board of a school district also shall
8 determine the availability of laboratory science equipment as
9 applicable to science laboratory courses offered in grades 9 to 12,
10 inclusive. The provision of the textbooks, instructional materials,
11 or science equipment specified in this subparagraph is not a
12 condition of receipt of funds provided by this subdivision.

13 (2) (A) If the governing board of a school district determines
14 that there are insufficient textbooks or instructional materials, or
15 both, the governing board of the school district shall provide
16 information to classroom teachers and to the public setting forth,
17 in the resolution, for each school in which an insufficiency exists,
18 the percentage of pupils who lack sufficient standards-aligned
19 textbooks or instructional materials in each subject area and the
20 reasons that each pupil does not have sufficient textbooks or
21 instructional materials, or both, and take any action, except an
22 action that would require reimbursement by the Commission on
23 State Mandates, to ensure that each pupil has sufficient textbooks
24 or instructional materials, or both, within two months of the
25 beginning of the school year in which the determination is made.

26 (B) In carrying out subparagraph (A), the governing board of a
27 school district may use moneys in any of the following funds:

28 (i) Any funds available for textbooks or instructional materials,
29 or both, including any funds received pursuant to Section 8880.5
30 of the Government Code.

31 (ii) Any other funds available to the school district for textbooks
32 or instructional materials, or both.

33 (b) The governing board of a school district shall provide 10
34 days' notice of the public hearing or hearings set forth in
35 subdivision (a). The notice shall contain the time, place, and
36 purpose of the hearing and shall be posted in three public places
37 in the school district. The hearing shall be held at a time that will
38 encourage the attendance of teachers and parents and guardians
39 of pupils who attend the schools in the school district and shall
40 not take place during or immediately following school hours.

(c) (1) For purposes of this section, “sufficient textbooks or instructional materials” means that each pupil, including English learners, has a standards-aligned textbook or instructional materials, or both, to use in class and to take home. This paragraph does not require two sets of textbooks or instructional materials for each pupil. The materials may be in a digital format as long as each pupil, at a minimum, has and can access the same materials in the class and to take home, as all other pupils in the same class or course in the school district and has the ability to use and access them at home.

(2) Sufficient textbooks or instructional materials as defined in paragraph (1) do not include photocopied sheets from only a portion of a textbook or instructional materials copied to address a shortage.

(d) The governing board of a school district that receives funds for instructional materials from any state source is subject to the requirements of this section.

(e) For the purpose of transitioning to instructional materials that are aligned with the common core academic content standards, it is the intent of the Legislature that textbooks, instructional materials, and supplemental instructional materials be deemed to be aligned with the content standards pursuant to subdivisions (a) and (c), and be deemed consistent with the content and cycles of the curriculum framework adopted by the state board pursuant to subdivision (a) if the textbooks, instructional materials, supplemental instructional materials, or a combination of any such materials are aligned to the content standards adopted pursuant to Section 60605 or 60605.8.

SEC. 402. Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 403. Article 7 (commencing with Section 60350) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 404. Chapter 4 (commencing with Section 60500) of Part 33 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 405. Section 60851 of the Education Code is amended to read:

60851. (a) Commencing with the 2003–04 school year and each school year thereafter, each pupil completing grade 12 shall

1 successfully pass the high school exit examination as a condition
2 of receiving a diploma of graduation or a condition of graduation
3 from high school. Funding for the administration of the high school
4 exit examination shall be provided for in the annual Budget Act.
5 The Superintendent shall apportion funds appropriated for this
6 purpose to enable school districts to meet the requirements of this
7 subdivision and subdivisions (b), (c), and (d). The state board shall
8 establish the amount of funding to be apportioned per test
9 administered, based on a review of the cost per test.

10 (b) Each pupil shall take the high school exit examination in
11 grade 10 beginning in the 2001–02 school year and may take the
12 examination during each subsequent administration, until each
13 section of the examination has been passed.

14 (c) (1) At the parent or guardian's request, a school principal
15 shall submit a request for a waiver of the requirement to
16 successfully pass the high school exit examination to the governing
17 board of the school district for a pupil with a disability who has
18 taken the high school exit examination with modifications that
19 alter what the test measures and has received the equivalent of a
20 passing score on one or both subject matter parts of the high school
21 exit examination. A governing board of a school district may waive
22 the requirement to successfully pass one or both subject matter
23 parts of the high school exit examination for a pupil with a
24 disability if the principal certifies to the governing board of the
25 school district that the pupil has all of the following:

26 (A) An individualized education program adopted pursuant to
27 the federal Individuals with Disabilities Education Act (20 U.S.C.
28 Sec. 1400 et seq.) or a plan adopted pursuant to Section 504 of the
29 federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794(a)) in place
30 that requires the accommodations or modifications to be provided
31 to the pupil when taking the high school exit examination.

32 (B) Sufficient high school level coursework either satisfactorily
33 completed or in progress in a high school level curriculum
34 sufficient to have attained the skills and knowledge otherwise
35 needed to pass the high school exit examination.

36 (C) An individual score report for the pupil showing that the
37 pupil has received the equivalent of a passing score on the high
38 school exit examination while using a modification that
39 fundamentally alters what the high school exit examination
40 measures as determined by the state board.

(2) A school district shall report to the state board, in a manner and by a date determined by the Superintendent, the number and characteristics of waivers reviewed, granted, and denied under this subdivision and any additional information determined to be in furtherance of this subdivision.

(d) The high school exit examination shall be offered in each public school and state special school that provides instruction in grades 10, 11, or 12, on the dates designated by the Superintendent. An exit examination may not be administered on any date other than those designated by the Superintendent as examination days or makeup days.

(e) The results of the high school exit examination shall be provided to each pupil taking the examination within eight weeks of the examination administration and in time for the pupil to take any section of the examination not passed at the next administration. A pupil shall take again only those parts of the examination he or she has not previously passed and may not retake any portion of the exit examination that he or she has previously passed.

(f) Supplemental instruction shall be provided to any pupil who does not demonstrate sufficient progress toward passing the high school exit examination. To the extent that school districts have aligned their curriculum with the state academic content standards adopted by the state board, the curriculum for supplemental instruction shall reflect those standards and shall be designed to assist the pupils to succeed on the high school exit examination. This chapter does not require the provision of supplemental services using resources that are not regularly available to a school or school district, including summer school instruction. In no event shall any action taken as a result of this subdivision cause or require reimbursement by the Commission on State Mandates. Sufficient progress shall be determined on the basis of either of the following:

(1) The results of the assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 and the minimum levels of proficiency recommended by the state board pursuant to Section 60648.

(2) The grades of the pupil and other indicators of academic achievement designated by the school district.

SEC. 406. Section 62002 of the Education Code is repealed.

SEC. 407. Section 62002.5 of the Education Code is repealed.

1 SEC. 408. Section 62003 of the Education Code is repealed.

2 SEC. 409. Section 62004 of the Education Code is repealed.

3 SEC. 410. Section 62005 of the Education Code is repealed.

4 SEC. 411. Section 62005.5 of the Education Code is repealed.

5 SEC. 412. Section 63000 of the Education Code is amended
6 to read:

7 63000. The provisions of this chapter shall apply to funds
8 received for child care and development programs pursuant to
9 Chapter 2 (commencing with Section 8200) of Part 6 of Division
10 1 of Title 1.

11 SEC. 413. Section 63001 of the Education Code is amended
12 to read:

13 63001. A school district that, in a fiscal year, receives an
14 apportionment for a program specified in Section 63000 shall use
15 no less than 85 percent of that apportionment at schoolsites for
16 direct services to pupils.

17 SEC. 414. Section 64000 of the Education Code is amended
18 to read:

19 64000. (a) The provisions of this part shall apply to
20 applications for funds under the following categorical programs:

21 (1) Programs providing assistance to disadvantaged pupils under
22 Section 6312 of Title 20 of the United States Code, and programs
23 providing assistance for neglected or delinquent pupils who are at
24 risk of dropping out of school, as funded by Section 6421 of Title
25 20 of the United States Code.

26 (2) Professional development programs established pursuant to
27 Section 6601 of Title 20 of the United States Code.

28 (3) Programs for tobacco use prevention funded by Section 7115
29 of Title 20 of the United States Code.

30 (4) Safe and Drug Free Schools and Communities programs
31 established pursuant to Section 7113 of Title 20 of the United
32 States Code.

33 (b) A school district that elects to apply for any of these federal
34 funds may submit to the department for approval, by the state
35 board, a single consolidated application for approval or continuance
36 of those federal categorical programs subject to this part.

37 SEC. 415. Section 7906 of the Government Code is amended
38 to read:

39 7906. For school districts:

(a) “ADA” means a school district’s second principal apportionment units of average daily attendance as determined pursuant to Section 42238.05 of the Education Code, including average daily attendance in summer school, regional occupational centers and programs, and apprenticeship programs, and excluding average daily attendance in adult education programs. All other units of average daily attendance including, but not limited to, special day classes for special education pupils, shall be included.

(1) For purposes of this subdivision, the average daily attendance of apprenticeship programs shall be determined pursuant to Section 79149.1 of the Education Code.

(2) For the 2008–09 fiscal year and each fiscal year thereafter, the average daily attendance of public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, shall include the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers and programs that was used for purposes of this section for the 2007–08 fiscal year.

(b) “Foundation program level” means:

(1) For the 1978–79 fiscal year, one thousand two hundred forty-one dollars (\$1,241) for elementary school districts, one thousand three hundred twenty-two dollars (\$1,322) for unified school districts, and one thousand four hundred twenty-seven dollars (\$1,427) for high school districts.

(2) For the 1979–80 fiscal year to the 1986–87 fiscal year, inclusive, the levels specified in paragraph (1) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(3) For the 1986–87 fiscal year, the levels specified in paragraph (2) increased by one hundred eighty dollars (\$180) for elementary school districts, one hundred ninety-one dollars (\$191) for unified school districts, and two hundred seven dollars (\$207) for high school districts.

(4) For the 1987–88 fiscal year, the levels specified in paragraph (3) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(5) For the 1988–89 fiscal year and each fiscal year thereafter, the foundation program level shall be the appropriations limit of the school district for the current fiscal year, plus amounts paid

1 for any nonreimbursed court or federal mandates imposed on or
2 after November 6, 1979, less the sum of the following:

3 (A) Interest earned on the proceeds of taxes during the current
4 fiscal year.

5 (B) The 50 percent of miscellaneous funds received during the
6 current fiscal year that are from the proceeds of taxes.

7 (C) Locally voted taxes received during the current fiscal year,
8 such as parcel taxes or square foot taxes, unless for voter-approved
9 bonded debt.

10 (D) Any other local proceeds of taxes received during the current
11 fiscal year, other than local taxes which count towards the revenue
12 limit, such as excess bond revenues transferred to a district's
13 general fund pursuant to Section 15234 of the Education Code.

14 (c) "Proceeds of taxes" shall be deemed to include subventions
15 received from the state only if those subventions are for one of the
16 following two purposes:

17 (1) Basic aid subventions of one hundred twenty dollars (\$120)
18 per ADA.

19 (2) Additional apportionments that, when added to the district's
20 local revenues as defined in Section 42238 of the Education Code,
21 do not exceed the foundation program level for that district. In no
22 case shall subventions received from the state for reimbursement
23 of state mandates in accordance with the provisions of Section 6
24 of Article XIII B of the California Constitution or of Section 17561
25 or for reimbursement of court or federal mandates imposed on or
26 after November 6, 1979, be considered "proceeds of taxes" for
27 purposes of this section.

28 (d) Proceeds of taxes for a fiscal year shall not include any
29 proceeds of taxes within the district's beginning balance or reserve,
30 unless those funds were not appropriated in a prior fiscal year.
31 Funds that were appropriated to a reserve or other fund referenced
32 in Section 5 of Article XIII B of the California Constitution shall
33 be deemed to be appropriated for the purpose of this paragraph.

34 (e) The remainder of the state apportionments, including special
35 purpose apportionments and categorical aid subventions shall not
36 be considered proceeds of taxes for a school district.

37 (f) Each school district shall report to the Superintendent of
38 Public Instruction and to the Director of Finance at least annually
39 its appropriations limit, its appropriations subject to limitation, the
40 amount of its state aid apportionments and subventions included

1 within the proceeds of taxes of the school district, and amounts
2 excluded from its appropriations limit, at a time and in a manner
3 prescribed by the Superintendent of Public Instruction and
4 approved by the Director of Finance.

5 (g) For the 1988–89 fiscal year and each fiscal year thereafter,
6 nothing in paragraph (2) of subdivision (c) shall be so construed
7 as to require that the amount determined pursuant to subdivision
8 (b) be multiplied by the amount determined pursuant to subdivision
9 (a) for purposes of determining the amount of state aid included
10 in school district “proceeds of taxes” for purposes of this section.

11 SEC. 416. Section 50286 of the Government Code is amended
12 to read:

13 50286. (a) If a contract is canceled under Section 50284, the
14 owner shall pay a cancellation fee equal to 12½ percent of the
15 current fair market value of the property, as determined by the
16 county assessor as though the property were free of the contractual
17 restriction.

18 (b) The cancellation fee shall be paid to the county auditor, at
19 the time and in the manner that the county auditor shall prescribe,
20 and shall be allocated by the county auditor to each jurisdiction in
21 the tax rate area in which the property is located in the same manner
22 as the auditor allocates the annual tax increment in that tax rate
23 area in that fiscal year.

24 (c) Notwithstanding any other law, revenue received by a school
25 district pursuant to this section shall be considered property tax
26 revenue for purposes of Section 42238.02 of the Education Code,
27 as implemented pursuant to Section 42238.03 of the Education
28 Code, and revenue received by a county superintendent of schools
29 pursuant to this section shall be considered property tax revenue
30 for purposes of Article 4 (commencing with Section 2570) of
31 Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

32 SEC. 417. Section 33492.78 of the Health and Safety Code is
33 amended to read:

34 33492.78. (a) Section 33607.5 shall not apply to an agency
35 created pursuant to this article. For purposes of Sections 42238.02,
36 84750.5, and 84751 of the Education Code, funds allocated
37 pursuant to this section shall be treated as if they were allocated
38 pursuant to Section 33607.5.

39 (1) This section shall apply to each redevelopment project area
40 created pursuant to a redevelopment plan that contains the

1 provisions required by Section 33670 and is created pursuant to
2 this article. All the amounts calculated pursuant to this section
3 shall be calculated after the amount required to be deposited in the
4 Low and Moderate Income Housing Fund pursuant to Sections
5 33334.2, 33334.3, and 33334.6, as modified by Section 33492.76,
6 has been deducted from the total amount of tax-increment funds
7 received by the agency in the applicable fiscal year.

8 (2) The payments made pursuant to this section shall be in
9 addition to any amounts the school district or districts and
10 community college district or districts receive pursuant to
11 subdivision (a) of Section 33670. The agency shall reduce its
12 payments pursuant to this section to an affected school or
13 community college district by any amount the agency has paid,
14 directly or indirectly, pursuant to Section 33445, 33445.5, or 33446,
15 or any provision of law other than this section for, or in connection
16 with, a public facility owned or leased by that affected school or
17 community college district.

18 (3) (A) Of the total amount paid each year pursuant to this
19 section to school districts, 43.9 percent shall be considered to be
20 property taxes for the purposes of paragraph (1) of subdivision (i)
21 of Section 42238.02 of the Education Code, and 56.1 percent shall
22 not be considered to be property taxes for the purposes of that
23 section, and shall be available to be used for educational facilities.

24 (B) Of the total amount paid each year pursuant to this section
25 to community college districts, 47.5 percent shall be considered
26 to be property taxes for the purposes of Section 84750.5 of the
27 Education Code, and 52.5 percent shall not be considered to be
28 property taxes for the purposes of that section, and shall be
29 available to be used for educational facilities.

30 (C) Of the total amount paid each year pursuant to this section
31 to county offices of education, 19 percent shall be considered to
32 be property taxes for the purposes of paragraph (1) of subdivision
33 (g) of Section 2574 of the Education Code, and 81 percent shall
34 not be considered to be property taxes for the purposes of that
35 section, and shall be available to be used for educational facilities.

36 (D) Of the total amount paid each year pursuant to this section
37 to special education, 19 percent shall be considered to be property
38 taxes for the purposes of paragraph (1) of subdivision (j) of Section
39 42238.02 of the Education Code, and 81 percent shall not be

1 considered to be property taxes for the purposes of that section,
2 and shall be available to be used for educational facilities.

3 (4) Local education agencies that use funds received pursuant
4 to this section for educational facilities shall spend these funds at
5 schools that are any one of the following:

6 (A) Within the project area.

7 (B) Attended by students from the project area.

8 (C) Attended by students generated by projects that are assisted
9 directly by the redevelopment agency.

10 (D) Determined by a local education agency to be of benefit to
11 the project area.

12 (b) Commencing with the first fiscal year in which the agency
13 receives tax increments, and continuing through the last fiscal year
14 in which the agency receives tax increments, a redevelopment
15 agency created pursuant to this article shall pay to each affected
16 school and community college district an amount equal to the
17 product of 25 percent times the percentage share of total property
18 taxes collected that are allocated to each affected school or
19 community college district, including any amount allocated to each
20 district pursuant to Sections 97.03 and 97.035 of the Revenue and
21 Taxation Code times the total of the tax increments received by
22 the agency after the amount required to be deposited in the Low
23 and Moderate Income Housing Fund has been deducted.

24 (c) Commencing with the 11th fiscal year in which the agency
25 receives tax increments and continuing through the last fiscal year
26 in which the agency receives tax increments, a redevelopment
27 agency created pursuant to this article shall pay to each affected
28 school and community college district, in addition to the amounts
29 paid pursuant to subdivision (b), an amount equal to the product
30 of 21 percent times the percentage share of total property taxes
31 collected that are allocated to each affected school or community
32 college district, including any amount allocated to each district
33 pursuant to Sections 97.03 and 97.035 of the Revenue and Taxation
34 Code times the total of the first adjusted tax increments received
35 by the agency after the amount required to be deposited in the Low
36 and Moderate Income Housing Fund has been deducted. The first
37 adjusted tax increments received by the agency shall be calculated
38 by applying the tax rate against the amount of assessed value by
39 which the current year assessed value exceeds the first adjusted
40 base year assessed value. The first adjusted base year assessed

1 value is the assessed value of the project area in the 10th fiscal
2 year in which the agency receives tax increment.

3 (d) Commencing with the 31st fiscal year in which the agency
4 receives tax increments and continuing through the last fiscal year
5 in which the agency receives tax increments, a redevelopment
6 agency shall pay to the affected school and community college
7 districts, in addition to the amounts paid pursuant to subdivisions
8 (b) and (c), an amount equal to 14 percent times the percentage
9 share of total property taxes collected that are allocated to each
10 affected school or community college district, including any
11 amount allocated to each district pursuant to Sections 97.03 and
12 97.035 of the Revenue and Taxation Code times the total of the
13 second adjusted tax increments received by the agency after the
14 amount required to be deposited in the Low and Moderate Income
15 Housing Fund has been deducted. The second adjusted tax
16 increments received by the agency shall be calculated by applying
17 the tax rate against the amount of assessed value by which the
18 current year assessed value exceeds the second adjusted base year
19 assessed value. The second adjusted base year assessed value is
20 the assessed value of the project area in the 30th fiscal year in
21 which the agency receives tax increments.

22 (e) (1) The Legislature finds and declares both of the following:

23 (A) The payments made pursuant to this section are necessary
24 in order to alleviate the financial burden and detriment that affected
25 school and community college districts may incur as a result of
26 the adoption of a redevelopment plan, and payments made pursuant
27 to this section will benefit redevelopment project areas.

28 (B) The payments made pursuant to this section are the exclusive
29 payments that are required to be made by a redevelopment agency
30 to affected school and community college districts during the term
31 of a redevelopment plan.

32 (2) Notwithstanding any other provision of law, a redevelopment
33 agency shall not be required, either directly or indirectly, as a
34 measure to mitigate a significant environmental effect or as part
35 of any settlement agreement or judgment brought in any action to
36 contest the validity of a redevelopment plan pursuant to Section
37 33501, to make any other payments to affected school or
38 community college districts, or to pay for public facilities that will
39 be owned or leased to an affected school or community college
40 district.

1 (f) As used in this section, a “local education agency” includes
2 a school district, a community college district, or a county office
3 of education.

4 SEC. 418. Section 33607.5 of the Health and Safety Code is
5 amended to read:

6 33607.5. (a) (1) This section shall apply to each
7 redevelopment project area that, pursuant to a redevelopment plan
8 which contains the provisions required by Section 33670, is either:
9 (A) adopted on or after January 1, 1994, including later
10 amendments to these redevelopment plans; or (B) adopted prior
11 to January 1, 1994, but amended, after January 1, 1994, to include
12 new territory. For plans amended after January 1, 1994, only the
13 tax increments from territory added by the amendment shall be
14 subject to this section. All the amounts calculated pursuant to this
15 section shall be calculated after the amount required to be deposited
16 in the Low and Moderate Income Housing Fund pursuant to
17 Sections 33334.2, 33334.3, and 33334.6 has been deducted from
18 the total amount of tax increment funds received by the agency in
19 the applicable fiscal year.

20 (2) The payments made pursuant to this section shall be in
21 addition to any amounts the affected taxing entities receive
22 pursuant to subdivision (a) of Section 33670. The payments made
23 pursuant to this section to the affected taxing entities, including
24 the community, shall be allocated among the affected taxing
25 entities, including the community if the community elects to receive
26 payments, in proportion to the percentage share of property taxes
27 each affected taxing entity, including the community, receives
28 during the fiscal year the funds are allocated, which percentage
29 share shall be determined without regard to any amounts allocated
30 to a city, a city and county, or a county pursuant to Sections 97.68
31 and 97.70 of the Revenue and Taxation Code, and without regard
32 to any allocation reductions to a city, a city and county, a county,
33 a special district, or a redevelopment agency pursuant to Sections
34 97.71, 97.72, and 97.73 of the Revenue and Taxation Code and
35 Section 33681.12. The agency shall reduce its payments pursuant
36 to this section to an affected taxing entity by any amount the agency
37 has paid, directly or indirectly, pursuant to Section 33445, 33445.5,
38 33445.6, 33446, or any other provision of law other than this
39 section for, or in connection with, a public facility owned or leased
40 by that affected taxing agency, except: (A) any amounts the

1 agency has paid directly or indirectly pursuant to an agreement
2 with a taxing entity adopted prior to January 1, 1994; or (B) any
3 amounts that are unrelated to the specific project area or
4 amendment governed by this section. The reduction in a payment
5 by an agency to a school district, community college district, or
6 county office of education, or for special education, shall be
7 subtracted only from the amount that otherwise would be available
8 for use by those entities for educational facilities pursuant to
9 paragraph (4). If the amount of the reduction exceeds the amount
10 that otherwise would have been available for use for educational
11 facilities in any one year, the agency shall reduce its payment in
12 more than one year.

13 (3) If an agency reduces its payment to a school district,
14 community college district, or county office of education, or for
15 special education, the agency shall do all of the following:

16 (A) Determine the amount of the total payment that would have
17 been made without the reduction.

18 (B) Determine the amount of the total payment without the
19 reduction which: (i) would have been considered property taxes;
20 and (ii) would have been available to be used for educational
21 facilities pursuant to paragraph (4).

22 (C) Reduce the amount available to be used for educational
23 facilities.

24 (D) Send the payment to the school district, community college
25 district, or county office of education, or for special education,
26 with a statement that the payment is being reduced and including
27 the calculation required by this subdivision showing the amount
28 to be considered property taxes and the amount, if any, available
29 for educational facilities.

30 (4) (A) Except as specified in subparagraph (E), of the total
31 amount paid each year pursuant to this section to school districts,
32 43.3 percent shall be considered to be property taxes for the
33 purposes of paragraph (1) of subdivision (h) of Section 42238 of
34 the Education Code, as it read on January 1, 2013, and paragraph
35 (1) of subdivision (i) of Section 42238.02 of the Education Code,
36 and 56.7 percent shall not be considered to be property taxes for
37 the purposes of that section and shall be available to be used for
38 educational facilities, including, in the case of amounts paid during
39 the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive,

1 land acquisition, facility construction, reconstruction, remodeling,
2 maintenance, or deferred maintenance.

3 (B) Except as specified in subparagraph (E), of the total amount
4 paid each year pursuant to this section to community college
5 districts, 47.5 percent shall be considered to be property taxes for
6 the purposes of Section 84751 of the Education Code, and 52.5
7 percent shall not be considered to be property taxes for the purposes
8 of that section and shall be available to be used for educational
9 facilities, including, in the case of amounts paid during the 2011–12
10 fiscal year through the 2015–16 fiscal year, inclusive, land
11 acquisition, facility construction, reconstruction, remodeling,
12 maintenance, or deferred maintenance.

13 (C) Except as specified in subparagraph (E), of the total amount
14 paid each year pursuant to this section to county offices of
15 education, 19 percent shall be considered to be property taxes for
16 the purposes of Section 2558 of the Education Code, as it read on
17 January 1, 2013, and Section 2574 of the Education Code, and 81
18 percent shall not be considered to be property taxes for the purposes
19 of that section and shall be available to be used for educational
20 facilities, including, in the case of amounts paid during the 2011–12
21 fiscal year through the 2015–16 fiscal year, inclusive, land
22 acquisition, facility construction, reconstruction, remodeling,
23 maintenance, or deferred maintenance.

24 (D) Except as specified in subparagraph (E), of the total amount
25 paid each year pursuant to this section for special education, 19
26 percent shall be considered to be property taxes for the purposes
27 of Section 56712 of the Education Code, and 81 percent shall not
28 be considered to be property taxes for the purposes of that section
29 and shall be available to be used for education facilities, including,
30 in the case of amounts paid during the 2011–12 fiscal year through
31 the 2015–16 fiscal year, inclusive, land acquisition, facility
32 construction, reconstruction, remodeling, maintenance, or deferred
33 maintenance.

34 (E) If, pursuant to paragraphs (2) and (3), an agency reduces its
35 payments to an educational entity, the calculation made by the
36 agency pursuant to paragraph (3) shall determine the amount
37 considered to be property taxes and the amount available to be
38 used for educational facilities in the year the reduction was made.

39 (5) Local education agencies that use funds received pursuant
40 to this section for school facilities shall spend these funds at schools

1 that are: (A) within the project area, (B) attended by students from
2 the project area, (C) attended by students generated by projects
3 that are assisted directly by the redevelopment agency, or (D)
4 determined by the governing board of a local education agency to
5 be of benefit to the project area.

6 (b) Commencing with the first fiscal year in which the agency
7 receives tax increments and continuing through the last fiscal year
8 in which the agency receives tax increments, a redevelopment
9 agency shall pay to the affected taxing entities, including the
10 community if the community elects to receive a payment, an
11 amount equal to 25 percent of the tax increments received by the
12 agency after the amount required to be deposited in the Low and
13 Moderate Income Housing Fund has been deducted. In any fiscal
14 year in which the agency receives tax increments, the community
15 that has adopted the redevelopment project area may elect to
16 receive the amount authorized by this paragraph.

17 (c) Commencing with the 11th fiscal year in which the agency
18 receives tax increments and continuing through the last fiscal year
19 in which the agency receives tax increments, a redevelopment
20 agency shall pay to the affected taxing entities, other than the
21 community which has adopted the project, in addition to the
22 amounts paid pursuant to subdivision (b) and after deducting the
23 amount allocated to the Low and Moderate Income Housing Fund,
24 an amount equal to 21 percent of the portion of tax increments
25 received by the agency, which shall be calculated by applying the
26 tax rate against the amount of assessed value by which the current
27 year assessed value exceeds the first adjusted base year assessed
28 value. The first adjusted base year assessed value is the assessed
29 value of the project area in the 10th fiscal year in which the agency
30 receives tax increment revenues.

31 (d) Commencing with the 31st fiscal year in which the agency
32 receives tax increments and continuing through the last fiscal year
33 in which the agency receives tax increments, a redevelopment
34 agency shall pay to the affected taxing entities, other than the
35 community which has adopted the project, in addition to the
36 amounts paid pursuant to subdivisions (b) and (c) and after
37 deducting the amount allocated to the Low and Moderate Income
38 Housing Fund, an amount equal to 14 percent of the portion of tax
39 increments received by the agency, which shall be calculated by
40 applying the tax rate against the amount of assessed value by which

1 the current year assessed value exceeds the second adjusted base
2 year assessed value. The second adjusted base year assessed value
3 is the assessed value of the project area in the 30th fiscal year in
4 which the agency receives tax increments.

5 (e) (1) Prior to incurring any loans, bonds, or other
6 indebtedness, except loans or advances from the community, the
7 agency may subordinate to the loans, bonds, or other indebtedness
8 the amount required to be paid to an affected taxing entity by this
9 section, provided that the affected taxing entity has approved these
10 subordinations pursuant to this subdivision.

11 (2) At the time the agency requests an affected taxing entity to
12 subordinate the amount to be paid to it, the agency shall provide
13 the affected taxing entity with substantial evidence that sufficient
14 funds will be available to pay both the debt service and the
15 payments required by this section, when due.

16 (3) Within 45 days after receipt of the agency's request, the
17 affected taxing entity shall approve or disapprove the request for
18 subordination. An affected taxing entity may disapprove a request
19 for subordination only if it finds, based upon substantial evidence,
20 that the agency will not be able to pay the debt payments and the
21 amount required to be paid to the affected taxing entity. If the
22 affected taxing entity does not act within 45 days after receipt of
23 the agency's request, the request to subordinate shall be deemed
24 approved and shall be final and conclusive.

25 (f) (1) The Legislature finds and declares both of the following:

26 (A) The payments made pursuant to this section are necessary
27 in order to alleviate the financial burden and detriment that affected
28 taxing entities may incur as a result of the adoption of a
29 redevelopment plan, and payments made pursuant to this section
30 will benefit redevelopment project areas.

31 (B) The payments made pursuant to this section are the exclusive
32 payments that are required to be made by a redevelopment agency
33 to affected taxing entities during the term of a redevelopment plan.

34 (2) Notwithstanding any other provision of law, a redevelopment
35 agency shall not be required, either directly or indirectly, as a
36 measure to mitigate a significant environmental effect or as part
37 of any settlement agreement or judgment brought in any action to
38 contest the validity of a redevelopment plan pursuant to Section
39 33501, to make any other payments to affected taxing entities, or

1 to pay for public facilities that will be owned or leased to an
2 affected taxing entity.

3 (g) As used in this section, a “local education agency” is a school
4 district, a community college district, or a county office of
5 education.

6 SEC. 419. Section 33684 of the Health and Safety Code is
7 amended to read:

8 33684. (a) (1) This section shall apply to each redevelopment
9 project area that, pursuant to a redevelopment plan that contains
10 the provisions required by Section 33670, meets any of the
11 following:

12 (A) Was adopted on or after January 1, 1994, including later
13 amendments to these redevelopment plans.

14 (B) Was adopted prior to January 1, 1994, but amended after
15 January 1, 1994, to include new territory. For plans amended after
16 January 1, 1994, only the tax increments from territory added by
17 the amendment shall be subject to this section.

18 (C) Was adopted prior to January 1, 1994, but amended after
19 January 1, 1994, to increase the limitation on the number of dollars
20 to be allocated to the agency or that increased, or eliminated,
21 pursuant to paragraph (1) of subdivision (e) of Section 33333.6,
22 the time limit on the establishing of loans, advances, and
23 indebtedness established pursuant to paragraphs (1) and (2) of
24 subdivision (a) of Section 33333.6, as those paragraphs read on
25 December 31, 2001, or that lengthened the period during which
26 the redevelopment plan is effective if the redevelopment plan being
27 amended contains the provisions required by subdivision (b) of
28 Section 33670.

29 (2) This section shall apply to passthrough payments, as required
30 by Sections 33607.5 and 33607.7, for the 2003–04 to 2008–09,
31 inclusive, fiscal years. For purposes of this section, a passthrough
32 payment shall be considered the responsibility of an agency in the
33 fiscal year the agency receives the tax increment revenue for which
34 the passthrough payment is required.

35 (3) For purposes of this section, “local educational agency” is
36 a school district, a community college district, or a county office
37 of education.

38 (b) On or before October 1, 2008, each agency shall submit a
39 report to the county auditor and to each affected taxing entity that
40 describes each project area, including its location, purpose, date

1 established, date or dates amended, and statutory and contractual
2 passthrough requirements. The report shall specify, by year, for
3 each project area all of the following:

4 (1) Gross tax increment received between July 1, 2003, and
5 June 30, 2008, that is subject to a passthrough payment pursuant
6 to Sections 33607.5 and 33607.7, and accumulated gross tax
7 increments through June 30, 2003.

8 (2) Total passthrough payments to each taxing entity that the
9 agency deferred pursuant to a subordination agreement approved
10 by the taxing agency under subdivision (e) of Section 33607.5 and
11 the dates these deferred payments will be made.

12 (3) Total passthrough payments to each taxing entity that the
13 agency was responsible to make between July 1, 2003, and June
14 30, 2008, pursuant to Sections 33607.5 and 33607.7, excluding
15 payments identified in paragraph (2).

16 (4) Total passthrough payments that the agency disbursed to
17 each taxing entity between July 1, 2003, and June 30, 2008,
18 pursuant to Sections 33607.5 and 33607.7.

19 (5) Total sums reported in paragraph (4) for each local
20 educational agency that are considered to be property taxes under
21 the provisions of paragraph (4) of subdivision (a) of Section
22 33607.5 and Section 33607.7.

23 (6) Total outstanding payment obligations to each taxing entity
24 as of June 30, 2008. This amount shall be calculated by subtracting
25 the amounts reported in paragraph (4) from paragraph (3) and
26 reporting any positive difference.

27 (7) Total outstanding overpayments to each taxing entity as of
28 June 30, 2008. This amount shall be calculated by subtracting the
29 amounts reported in paragraph (3) from paragraph (4) and reporting
30 any positive difference.

31 (8) The dates on which the agency made payments identified
32 in paragraph (6) or intends to make the payments identified in
33 paragraph (6).

34 (9) A revised estimate of the agency's total outstanding
35 passthrough payment obligation to each taxing agency pursuant
36 to paragraph (6) of subdivision (b) and paragraph (6) of subdivision
37 (c) and the dates on which the agency intends to make these
38 payments.

39 (c) On or before October 1, 2009, each agency shall submit a
40 report to the county auditor and to each affected taxing entity that

describes each project area, including its location, purpose, date established, date or dates amended, and statutory and contractual passthrough requirements. The report shall specify, by year, for each project area all of the following:

(1) Gross tax increment received between July 1, 2008, and June 30, 2009, that is subject to a passthrough payment pursuant to Sections 33607.5 and 33607.7.

(2) Total passthrough payments to each taxing entity that the agency deferred pursuant to a subordination agreement approved by the taxing entity under subdivision (e) of Section 33607.5 and the dates these deferred payments will be made.

(3) Total passthrough payments to each taxing entity that the agency was responsible to make between July 1, 2008, and June 30, 2009, pursuant to Sections 33607.5 and 33607.7, excluding payments identified in paragraph (2).

(4) Total passthrough payments that the agency disbursed to each taxing entity between July 1, 2008, and June 30, 2009, pursuant to Sections 33607.5 and 33607.7.

(5) Total sums reported in paragraph (4) for each local educational agency that are considered to be property taxes under the provisions of paragraph (4) of subdivision (a) of Sections 33607.5 and 33607.7.

(6) Total outstanding payment obligations to each taxing entity as of June 30, 2009. This amount shall be calculated by subtracting the amounts reported in paragraph (4) from paragraph (3) and reporting any positive difference.

(7) Total outstanding overpayments to each taxing entity as of June 30, 2009. This amount shall be calculated by subtracting the amounts reported in paragraph (3) from paragraph (4) and reporting any positive difference.

(8) The dates on which the agency made payments identified in paragraph (6) or intends to make the payments identified in paragraph (6).

(d) If an agency reports pursuant to paragraph (6) of subdivision (b) or paragraph (6) of subdivision (c) that it has an outstanding passthrough payment obligation to any taxing entity, the agency shall submit annual updates to the county auditor on October 1 of each year until such time as the county auditor notifies the agency in writing that the agency's outstanding payment obligations have been fully satisfied. The report shall contain both of the following:

(1) A list of payments to each taxing agency and to the Educational Revenue Augmentation Fund pursuant to subdivision (j) that the agency disbursed after the agency's last update filed pursuant to this subdivision or, if no update has been filed, after the agency's submission of the reports required pursuant to subdivisions (b) and (c). The list of payments shall include only those payments that address obligations identified pursuant to paragraph (6) of subdivision (b) and paragraph (6) of subdivision (c). The update shall specify the date on which each payment was disbursed.

(2) A revised estimate of the agency's total outstanding passthrough payment obligation to each taxing agency pursuant to paragraph (6) of subdivision (b) and paragraph (6) of subdivision (c) and the dates on which the agency intends to make these payments.

(e) The county auditor shall review each agency's reports submitted pursuant to subdivisions (b) and (c) and any other relevant information to determine whether the county auditor concurs with the information included in the reports.

(1) If the county auditor concurs with the information included in a report, the county auditor shall issue a finding of concurrence within 45 days.

(2) If the county auditor does not concur with the information included in a report or considers the report to be incomplete, the county auditor shall return the report to the agency within 45 days with information identifying the elements of the report with which the county auditor does not concur or considers to be incomplete. The county auditor shall provide the agency at least 15 days to respond to concerns raised by the county auditor regarding the information contained in the report. An agency may revise a report that has not received a finding of concurrence and resubmit it to the county auditor.

(3) If an agency and county auditor do not agree regarding the passthrough requirements of Sections 33607.5 and 33607.7, an agency may submit a report pursuant to subdivisions (b) and (c) and a statement of dispute identifying the issue needing resolution.

(4) An agency may amend a report for which the county auditor has issued a finding of concurrence and resubmit the report pursuant to paragraphs (1), (2), and (3) if any of the following apply:

1 (A) The county auditor and agency agree that an issue identified
2 in the agency's statement of dispute has been resolved and the
3 agency proposes to modify the sections of the report to conform
4 with the resolution of the statement of dispute.

5 (B) The county auditor and agency agree that the amount of
6 gross tax increment or the amount of a passthrough payment to a
7 taxing entity included in the report is not accurate.

8 (5) The Controller may revoke a finding of concurrence and
9 direct the agency to resubmit a report to the county auditor pursuant
10 to paragraphs (1), (2), and (3) if the Controller finds significant
11 errors in a report.

12 (f) On or before December 15, 2008, and annually thereafter
13 through 2014, the county auditor shall submit a report to the
14 Controller that includes all of the following:

15 (1) The name of each redevelopment project area in the county
16 for which an agency must submit a report pursuant to subdivision
17 (b) or (c) and information as to whether the county auditor has
18 issued a finding of concurrence regarding the report.

19 (2) A list of the agencies for which the county auditor has issued
20 a finding of concurrence for all project areas identified in paragraph
21 (1).

22 (3) A list of agencies for which the county auditor has not issued
23 a finding of concurrence for all project areas identified in paragraph
24 (1).

25 (4) Using information applicable to agencies listed in paragraph
26 (2), the county auditor shall report all of the following:

27 (A) The total sums reported by each redevelopment agency
28 related to each taxing entity pursuant to paragraphs (1) to (7),
29 inclusive, of subdivision (b) and, on or after December 15, 2009,
30 pursuant to paragraphs (1) to (7), inclusive, of subdivision (c).

31 (B) The names of agencies that have outstanding passthrough
32 payment obligations to a local educational agency that exceed the
33 amount of outstanding passthrough payments to the local
34 educational agency.

35 (C) Summary information regarding agencies' stated plans to
36 pay the outstanding amounts identified in paragraph (6) of
37 subdivision (b) and paragraph (6) of subdivision (c) and the actual
38 amounts that have been deposited into the county Educational
39 Revenue Augmentation Fund pursuant to subdivision (j).

1 (D) All unresolved statements of dispute filed by agencies
2 pursuant to paragraph (3) of subdivision (e) and the county
3 auditor's analyses supporting the county auditor's conclusions
4 regarding the issues under dispute.

5 (g) (1) On or before February 1, 2009, and annually thereafter
6 through 2015, the Controller shall submit a report to the Legislative
7 Analyst's Office and the Department of Finance and provide a
8 copy to the Board of Governors of the California Community
9 Colleges. The report shall provide information as follows:

10 (A) Identify agencies for which the county auditor has issued
11 a finding of concurrence for all reports required under subdivisions
12 (b) and (c).

13 (B) Identify agencies for which the county auditor has not issued
14 a finding of concurrence for all reports required pursuant to
15 subdivision (b) and all reports required pursuant to subdivision (c)
16 or for which a finding of concurrence has been withdrawn by the
17 Controller.

18 (C) Summarize the information reported in paragraph (4) of
19 subdivision (f). This summary shall identify, by local educational
20 agency and by year, the total amount of passthrough payments that
21 each local educational agency received, was entitled to receive,
22 subordinated, or that has not yet been paid, and the portion of these
23 amounts that are considered to be property taxes for purposes of
24 Sections 2558 and 42238 of the Education Code, as those sections
25 read on January 1, 2013, and Section 84751 of the Education Code.
26 The report shall identify, by agency, the amounts that have been
27 deposited to the county Educational Revenue Augmentation Fund
28 pursuant to subdivision (j).

29 (D) Summarize the statements of dispute. The Controller shall
30 specify the status of these disputes, including whether the
31 Controller or other state entity has provided instructions as to how
32 these disputes should be resolved.

33 (E) Identify agencies that have outstanding passthrough payment
34 liabilities to a local educational agency that exceed the amount of
35 outstanding passthrough overpayments to the local educational
36 agency.

37 (2) On or before February 1, 2009, and annually thereafter
38 through 2015, the Controller shall submit a report to the State
39 Department of Education and the Board of Governors of the
40 California Community Colleges. The report shall identify, by local

1 educational agency and by year of receipt, the total amount of
2 passthrough payments that the local educational agency received
3 from redevelopment agencies listed in subparagraph (A) of
4 paragraph (1).

5 (h) (1) On or before April 1, 2009, and annually thereafter until
6 April 1, 2015, the State Department of Education shall do all of
7 the following:

8 (A) Calculate for each school district for the 2003–04 to
9 2007–08, inclusive, fiscal years the difference between 43.3 percent
10 of the amount reported pursuant to paragraph (2) of subdivision
11 (g) and the amount subtracted from each school district's
12 apportionment pursuant to paragraph (6) of subdivision (h) of
13 Section 42238 of the Education Code, as it read on January 1,
14 2013.

15 (B) Calculate for each county superintendent of schools for the
16 2003–04 to 2007–08, inclusive, fiscal years the difference between
17 19 percent of the amount reported pursuant to paragraph (2) of
18 subdivision (g) and the amount received pursuant to Sections
19 33607.5 and 33607.7 and subtracted from each county
20 superintendent of schools apportionment pursuant to subdivision
21 (c) of Section 2558 of the Education Code, as it read on January
22 1, 2013.

23 (C) Notify each school district and county superintendent of
24 schools for which any amount calculated in subparagraph (A) or
25 (B) is nonzero as to the reported change and its resulting impact
26 on apportionments. After April 1, 2009, however, the department
27 shall not notify a school district or county superintendent of schools
28 if the amount calculated in subparagraph (A) or (B) is the same
29 amount as the department calculated in the preceding year.

30 (2) On or before April 1, 2010, and annually thereafter until
31 April 1, 2015, the State Department of Education shall do all of
32 the following:

33 (A) Calculate for each school district for the 2008–09 fiscal
34 year the difference between 43.3 percent of the amount reported
35 pursuant to paragraph (2) of subdivision (g) and the amount
36 subtracted from each school district's apportionment pursuant to
37 paragraph (6) of subdivision (h) of Section 42238 of the Education
38 Code, as it read on January 1, 2013.

39 (B) Calculate for each county superintendent of schools for the
40 2008–09 fiscal year the difference between 19 percent of the

1 amount reported pursuant to paragraph (2) of subdivision (g) and
2 the amount received pursuant to Sections 33607.5 and 33607.7
3 and subtracted from each county superintendent of schools
4 apportionment pursuant to subdivision (c) of Section 2558 of the
5 Education Code, as it read on January 1, 2013.

6 (C) Notify each school district and county superintendent of
7 schools for which any amount calculated in subparagraph (A) or
8 (B) is nonzero as to the reported change and its resulting impact
9 on revenue limit apportionments. After April 1, 2010, however,
10 the department shall not notify a school district or county
11 superintendent of schools if the amount calculated in subparagraph
12 (A) or (B) is the same amount as the department calculated in the
13 preceding year.

14 (3) For the purposes of Article 3 (commencing with Section
15 41330) of Chapter 3 of Part 24 of Division 3 of Title 2 of the
16 Education Code, the amounts reported to each school district and
17 county superintendent of schools in the notification required
18 pursuant to subparagraph (C) of paragraph (1) and subparagraph
19 (C) of paragraph (2) shall be deemed to be apportionment
20 significant audit exceptions and the date of receipt of that
21 notification shall be deemed to be the date of receipt of the final
22 audit report that includes those audit exceptions.

23 (4) On or before March 1, 2009, and annually thereafter until
24 March 1, 2015, the Board of Governors of the California
25 Community Colleges shall do all of the following:

26 (A) Calculate for each community college district for the
27 2003–04 to 2007–08, inclusive, fiscal years the difference between
28 47.5 percent of the amount reported pursuant to paragraph (2) of
29 subdivision (g) and the amount subtracted from each district's total
30 revenue owed pursuant to subdivision (d) of Section 84751 of the
31 Education Code.

32 (B) Notify each community college district for which any
33 amount calculated in subparagraph (A) is nonzero as to the reported
34 change and its resulting impact on apportionments. After March
35 1, 2009, however, the board shall not notify a school district or
36 county superintendent of schools if the amount calculated in
37 subparagraph (A) is the same amount as the board calculated in
38 the preceding year.

(5) On or before March 1, 2010, and annually thereafter until March 1, 2015, the Board of Governors of the California Community Colleges shall do all of the following:

(A) Calculate for each community college district for the 2003–04 to 2007–08, inclusive, fiscal years the difference between 47.5 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount subtracted from each district’s total revenue owed pursuant to subdivision (d) of Section 84751 of the Education Code.

(B) Notify each community college district for which any amount calculated in subparagraph (A) is nonzero as to the reported change and its resulting impact on revenue apportionments. After March 1, 2010, however, the board shall not notify a community college district if the amount calculated in subparagraph (A) is the same amount as the board calculated in the preceding year.

(6) A community college district may submit documentation to the Board of Governors of the California Community Colleges showing that all or part of the amount reported to the district pursuant to subparagraph (B) of paragraph (4) and subparagraph (B) of paragraph (5) was previously reported to the California Community Colleges for the purpose of the revenue level calculations made pursuant to Section 84751 of the Education Code. Upon acceptance of the documentation, the board shall adjust the amounts calculated in paragraphs (4) and (5) accordingly.

(7) The Board of Governors of the California Community Colleges shall make corrections in any amounts allocated in any fiscal year to each community college district for which any amount calculated in paragraphs (4) and (5) is nonzero so as to account for the changes reported pursuant to paragraph (4) of subdivision (b) and paragraph (4) of subdivision (c). The board may make the corrections over a period of time, not to exceed five years.

(i) (1) After February 1, 2009, for an agency listed on the most recent Controller’s report pursuant to subparagraph (B) or (E) of paragraph (1) of subdivision (g), all of the following shall apply:

(A) The agency shall be prohibited from adding new project areas or expanding existing project areas. For purposes of this paragraph, “project area” has the same meaning as in Sections 33320.1 to 33320.3, inclusive, and Section 33492.3.

(B) The agency shall be prohibited from issuing new bonds, notes, interim certificates, debentures, or other obligations, whether

1 funded, refunded, assumed, or otherwise, pursuant to Article 5
2 (commencing with Section 33640).

3 (C) The agency shall be prohibited from encumbering any funds
4 or expending any moneys derived from any source, except that
5 the agency may encumber funds and expend funds to pay, if any,
6 all of the following:

7 (i) Bonds, notes, interim certificates, debentures, or other
8 obligations issued by an agency before the imposition of the
9 prohibition in subparagraph (B) whether funded, refunded,
10 assumed, or otherwise, pursuant to Article 5 (commencing with
11 Section 33460).

12 (ii) Loans or moneys advanced to the agency, including, but not
13 limited to, loans from federal, state, local agencies, or a private
14 entity.

15 (iii) Contractual obligations that, if breached, could subject the
16 agency to damages or other liabilities or remedies.

17 (iv) Obligations incurred pursuant to Section 33445.

18 (v) Indebtedness incurred pursuant to Section 33334.2 or
19 33334.6.

20 (vi) Obligations incurred pursuant to Section 33401.

21 (vii) An amount, to be expended for the monthly operation and
22 administration of the agency, that may not exceed 75 percent of
23 the average monthly amount spent for those purposes in the fiscal
24 year preceding the fiscal year in which the agency was first listed
25 on the Controller's report pursuant to subparagraph (B) or (E) of
26 paragraph (1) of subdivision (g).

27 (2) After February 1, 2009, an agency identified in subparagraph
28 (B) or (E) of paragraph (1) of subdivision (g) shall incur interest
29 charges on any passthrough payment that is made to a local
30 educational agency more than 60 days after the close of the fiscal
31 year in which the passthrough payment was required. Interest shall
32 be charged at a rate equal to 150 percent of the current Pooled
33 Money Investment Account earnings annual yield rate and shall
34 be charged for the period beginning 60 days after the close of the
35 fiscal year in which the passthrough payment was due through the
36 date that the payment is made.

37 (3) The Controller, with the concurrence of the Director of
38 Finance, may waive the provisions of paragraphs (1) and (2) for
39 a period of up to 12 months if the Controller determines all of the
40 following:

1 (A) The county auditor has identified the agency in its most
2 recent report issued pursuant to paragraph (2) of subdivision (f)
3 as an agency for which the auditor has issued a finding of
4 concurrence for all reports required pursuant to subdivisions (b)
5 and (c).

6 (B) The agency has filed a statement of dispute on an issue or
7 issues that, in the opinion of the Controller, are likely to be resolved
8 in a manner consistent with the agency's position.

9 (C) The agency has made passthrough payments to local
10 educational agencies and the county Educational Revenue
11 Augmentation Fund, or has had funds previously withheld by the
12 auditor, in amounts that would satisfy the agency's passthrough
13 payment requirements to local educational agencies if the issue or
14 issues addressed in the statement of dispute were resolved in a
15 manner consistent with the agency's position.

16 (D) The agency would sustain a fiscal hardship if it made
17 passthrough payments to local educational agencies and the county
18 Educational Revenue Augmentation Fund in the amounts estimated
19 by the county auditor.

20 (j) Notwithstanding any other provision of law, if an agency
21 report submitted pursuant to subdivision (b) or (c) indicates
22 outstanding payment obligations to a local educational agency,
23 the agency shall make these outstanding payments as follows:

24 (1) Of the outstanding payments owed to school districts,
25 including any interest payments pursuant to paragraph (2) of
26 subdivision (i), 43.3 percent shall be deposited in the county
27 Educational Revenue Augmentation Fund and the remainder shall
28 be allocated to the school district or districts.

29 (2) Of the outstanding payments owed to community college
30 districts, including any interest payments pursuant to paragraph
31 (2) of subdivision (i), 47.5 percent shall be deposited in the county
32 Educational Revenue Augmentation Fund and the remainder shall
33 be allocated to the community college district or districts.

34 (3) Of the outstanding payments owed to county offices of
35 education, including any interest payments pursuant to paragraph
36 (2) of subdivision (i), 19 percent shall be deposited in the county
37 Educational Revenue Augmentation Fund and the remainder shall
38 be allocated to the county office of education.

39 (k) (1) This section shall not be construed to increase any
40 allocations of excess, additional, or remaining funds that would

1 otherwise have been allocated to cities, counties, cities and
2 counties, or special districts pursuant to clause (i) of subparagraph
3 (B) of paragraph (4) of subdivision (d) of Section 97.2 of, clause
4 (i) of subparagraph (B) of paragraph (4) of subdivision (d) of
5 Section 97.3 of, or Article 4 (commencing with Section 98) of
6 Chapter 6 of Part 0.5 of Division 1 of, the Revenue and Taxation
7 Code had this section not been enacted.

8 (2) Notwithstanding any other provision of law, no funds
9 deposited in the county Educational Revenue Augmentation Fund
10 pursuant to subdivision (j) shall be distributed to a community
11 college district.

12 (l) A county may require an agency to reimburse the county for
13 any expenses incurred by the county in performing the services
14 required by this section.

15 SEC. 420. Section 95 of the Revenue and Taxation Code is
16 amended to read:

17 95. For purposes of this chapter:

18 (a) "Local agency" means a city, county, and special district.

19 (b) "Jurisdiction" means a local agency, school district,
20 community college district, or county superintendent of schools.
21 A jurisdiction as defined in this subdivision is a "district" for
22 purposes of Section 1 of Article XIII A of the California
23 Constitution.

24 For jurisdictions located in more than one county, the county
25 auditor of each county in which that jurisdiction is located shall,
26 for the purposes of computing the amount for that jurisdiction
27 pursuant to this chapter, treat the portion of the jurisdiction located
28 within that county as a separate jurisdiction.

29 (c) "Property tax revenue" includes the amount of state
30 reimbursement for the homeowners' exemption. "Property tax
31 revenue" does not include the amount of property tax levied for
32 the purpose of making payments for the interest and principal on
33 either of the following:

34 (1) General obligation bonds or other indebtedness approved
35 by the voters prior to July 1, 1978, including tax rates levied
36 pursuant to Part 10 (commencing with Section 15000) of Division
37 1 of, and Sections 39308 and 39311 and former Sections 81338
38 and 81341 of the Education Code, and Section 26912.7 of the
39 Government Code.

1 (2) Bonded indebtedness for the acquisition or improvement of
2 real property approved by two-thirds of the voters on or after June
3 4, 1986.

4 (d) “Taxable assessed value” means total assessed value minus
5 all exemptions other than the homeowners’ and business inventory
6 exemptions.

7 (e) “Jurisdictional change” includes any change of organization,
8 as defined in Section 56021 of the Government Code and a
9 reorganization, as defined in Section 56073 of the Government
10 Code. “Jurisdictional change” also includes any change in the
11 boundary of those special districts that are not under the jurisdiction
12 of a local agency formation commission.

13 “Jurisdictional change” also includes a functional consolidation
14 where two or more local agencies, except two or more counties,
15 exchange or otherwise reassign functions and any change in the
16 boundaries of a school district or community college district or
17 county superintendent of schools.

18 (f) “School entities” means school districts, community college
19 districts, the Educational Revenue Augmentation Fund, and county
20 superintendents of schools.

21 (g) Except as otherwise provided in this subdivision, “tax rate
22 area” means a specific geographic area all of which is within the
23 jurisdiction of the same combination of local agencies and school
24 entities for the current fiscal year.

25 In the case of a jurisdictional change pursuant to Section 99, the
26 area subject to the change shall constitute a new tax rate area,
27 except that if the area subject to change is within the same
28 combinations of local agencies and school entities as an existing
29 tax rate area, the two tax rate areas may be combined into one tax
30 rate area.

31 Existing tax rate areas having the same combinations of local
32 agencies and school entities may be combined into one tax rate
33 area. For the combination of existing tax rate areas, the factors
34 used to allocate the annual tax increment pursuant to Section 98
35 shall be determined by calculating a weighted average of the annual
36 tax increment factors used in the tax rate areas being combined.

37 (h) “State assistance payments” means:

38 (1) For counties, amounts determined pursuant to subdivision
39 (b) of Section 16260 of the Government Code, increased by the
40 amount specified for each county pursuant to Section 94 of Chapter

1 282 of the Statutes of 1979, with the resultant sum reduced by an
2 amount derived by the calculation made pursuant to Section 16713
3 of the Welfare and Institutions Code.

4 (2) For cities, 82.91 percent of the amounts determined pursuant
5 to subdivisions (b) and (i) of Section 16250 of the Government
6 Code, plus for any city an additional amount equal to one-half of
7 the amount of any outstanding debt as of June 30, 1978, for
8 “museums” as shown in the Controller’s “Annual Report of
9 Financial Transactions of Cities for Fiscal Year 1977–78.”

10 (3) For special districts, 95.24 percent of the amounts received
11 pursuant to Chapter 3 (commencing with Section 16270) of Part
12 1.5 of Division 4 of Title 2 of the Government Code, Section 35.5
13 of Chapter 332 of the Statutes of 1978, and Chapter 12 of the
14 Statutes of 1979.

15 (i) “City clerk” means the clerk of the governing body of a city
16 or city and county.

17 (j) “Executive officer” means the executive officer of a local
18 agency formation commission.

19 (k) “City” means any city whether general law or charter, except
20 a city and county.

21 (l) “County” means any chartered or general law county.
22 “County” includes a city and county.

23 (m) “Special district” means any agency of the state for the local
24 performance of governmental or proprietary functions within
25 limited boundaries. “Special district” includes a county service
26 area, a maintenance district or area, an improvement district or
27 improvement zone, or any other zone or area, formed for the
28 purpose of designating an area within which a property tax rate
29 will be levied to pay for a service or improvement benefiting that
30 area. “Special district” includes the Bay Area Air Quality
31 Management District. “Special district” does not include a city, a
32 county, a school district, or a community college district. “Special
33 district” does not include any agency that is not authorized by
34 statute to levy a property tax rate. However, any special district
35 authorized to levy a property tax by the statute under which the
36 district was formed shall be considered a special district.
37 Additionally, a county free library established pursuant to Article
38 1 (commencing with Section 19100) of Chapter 6 of Part 11 of
39 Division 1 of Title 1 of the Education Code, and for which a

1 property tax was levied in the 1977–78 fiscal year, shall be
2 considered a special district.

3 (n) “Excess tax school entity” means an educational agency for
4 which the amount of the state funding entitlement determined
5 under Section 2575, 84750.5, or 84751 of the Education Code, as
6 appropriate, is zero, and as described in subdivision (o) of Section
7 42238.02 of the Education Code, as implemented by Section
8 42238.03 of the Education Code.

9 SEC. 421. Section 196.4 of the Revenue and Taxation Code
10 is amended to read:

11 196.4. (a) In the 1991–92 fiscal year, the county auditor of an
12 eligible county, proclaimed by the Governor to be in a state of
13 disaster as a result of the Oakland/Berkeley Fire that occurred in
14 October 1991, shall certify to the Director of Finance an estimate
15 of the total amount of the reduction in property tax revenues on
16 both the regular secured roll and the supplemental roll for that
17 fiscal year resulting from the reassessment of eligible properties
18 by the county assessor pursuant to Section 170, except that the
19 amount certified shall not include any estimated property tax
20 revenue reductions to school districts (other than basic state aid
21 school districts), county offices of education, and community
22 college districts.

23 (b) In the 1991–92 fiscal year, the county auditor of an eligible
24 county, proclaimed by the Governor to be in a state of disaster as
25 a result of the Painted Cave Fire that occurred in June 1990, shall
26 certify to the Director of Finance an estimate of the total amount
27 of the reduction in property tax revenues on both the regular
28 secured roll and the supplemental roll for the 1990–91 fiscal year
29 resulting from the reassessment of eligible properties by the county
30 assessor pursuant to Section 170, except that the amount certified
31 shall not include any estimated property tax revenue reductions to
32 school districts (other than basic aid school districts), county offices
33 of education, and community college districts.

34 (c) For purposes of this section, “basic state aid school district”
35 means any school district that does not receive a state
36 apportionment pursuant to subdivision (h) of Section 42238 of the
37 Education Code, as it read on January 1, 2013, but receives from
38 the state only a basic apportionment pursuant to Section 6 of Article
39 IX of the California Constitution.

1 SEC. 422. Section 903.7 of the Welfare and Institutions Code
2 is amended to read:

3 903.7. (a) There is in the State Treasury the Foster Children
4 and Parent Training Fund. The moneys contained in the fund shall
5 be used exclusively for the purposes set forth in this section.

6 (b) For each fiscal year beginning with the 1981–82 fiscal year,
7 except as provided in Sections 15200.1, 15200.2, 15200.3, 15200.8,
8 and 15200.81, and Section 17704 of the Family Code, the
9 Department of Child Support Services shall determine the amount
10 equivalent to the net state share of foster care collections
11 attributable to the enforcement of parental fiscal liability pursuant
12 to Sections 903, 903.4, and 903.5. On July 1, 1982, and every three
13 months thereafter, the department shall notify the Chancellor of
14 the Community Colleges, the Department of Finance, and the
15 Superintendent of Public Instruction of the above-specified amount.
16 The Department of Child Support Services shall authorize the
17 quarterly transfer of any portion of this amount for any particular
18 fiscal year exceeding three million seven hundred fifty thousand
19 dollars (\$3,750,000) of the net state share of foster care collections
20 to the Treasurer for deposit in the Foster Children and Parent
21 Training Fund, except that, commencing with the 2002-03 fiscal
22 year, a total of not more than three million dollars (\$3,000,000)
23 may be transferred to the fund in any fiscal year.

24 (c) (1) If sufficient moneys are available in the Foster Children
25 and Parent Training Fund, up to three million dollars (\$3,000,000)
26 shall be allocated for the support of foster parent training programs
27 conducted in community colleges. The maximum amount
28 authorized to be allocated pursuant to this subdivision shall be
29 adjusted annually by a cost-of-living increase each year based on
30 the percentage given to discretionary education programs. Funds
31 for the training program shall be provided in a separate budget
32 item in that portion of the Budget Act pertaining to the Chancellor
33 of the California Community Colleges, to be deposited in a separate
34 bank account by the Chancellor of the California Community
35 Colleges.

36 (2) The chancellor shall use these funds exclusively for foster
37 parent training, as specified by the chancellor in consultation with
38 the California State Foster Parents Association and the State
39 Department of Social Services.

1 (3) The plans for each foster parent training program shall
2 include the provision of training to facilitate the development of
3 foster family homes and small family homes to care for no more
4 than six children who have special mental, emotional,
5 developmental, or physical needs.

6 (4) The State Department of Social Services shall facilitate the
7 participation of county welfare departments in the foster parent
8 training program. The California State Foster Parents Association,
9 or the local chapters thereof, and the State Department of Social
10 Services shall identify training participants and shall advise the
11 chancellor on the form, content, and methodology of the training
12 program. Funds shall be paid monthly to the foster parent training
13 program until the maximum amount of funds authorized to be
14 expended for that program is expended. No more than 10 percent
15 or seventy-five thousand dollars (\$75,000) of these moneys,
16 whichever is greater, shall be used for administrative purposes; of
17 the 10 percent or seventy-five thousand dollars (\$75,000), no more
18 than ten thousand dollars (\$10,000) shall be expended to reimburse
19 the State Department of Social Services for its services pursuant
20 to this paragraph.

21 (d) (1) The Controller shall transfer moneys from the Foster
22 Children and Parent Training Fund to the Chancellor of the
23 California Community Colleges and the Superintendent of Public
24 Instruction as necessary to fulfill the requirements of subdivision
25 (c).

26 (2) After the maximum amount authorized in any fiscal year
27 has been transferred to the Chancellor of the California Community
28 Colleges and the Superintendent of Public Instruction, the
29 Controller shall transfer any remaining funds to the General Fund
30 for expenditure for any public purpose.

31 (e) This section shall be operative until June 30, 2005, and
32 thereafter is operative only if specified in the annual Budget Act
33 or in another statute.

34 SEC. 423. (a) The sum of one billion six hundred thirty million
35 two hundred twenty-two thousand dollars (\$1,630,222,000) is
36 hereby appropriated from the General Fund to the Superintendent
37 of Public Instruction.

38 (b) (1) Of the amount appropriated in subdivision (a), one
39 billion six hundred two million two hundred one thousand dollars

1 (\$1,602,201,000) shall be allocated pursuant to the calculation in
2 subdivision (b) of Section 42238.03 of the Education Code.

3 (2) Of the amount appropriated in subdivision (a), twenty-eight
4 million twenty-one thousand dollars (\$28,021,000) shall be
5 allocated pursuant to the calculation in subdivision (d) of Section
6 2575.

7 (c) For purposes of making the computations required by Section
8 8 of Article XVI of the California Constitution, the appropriations
9 made by subdivision (a) shall be deemed to be “General Fund
10 revenues appropriated for school districts,” as defined in
11 subdivision (c) of Section 41202 of the Education Code, for the
12 2013–14 fiscal year, and included within the “total allocations to
13 school districts and community college districts from General Fund
14 proceeds of taxes appropriated pursuant to Article XIII B,” as
15 defined in subdivision (e) of Section 41202, for the 2013–14 fiscal
16 year.

17 SEC. 424. If the Commission on State Mandates determines
18 that this act contains costs mandated by the state, reimbursement
19 to local agencies and school districts for those costs shall be made
20 pursuant to Part 7 (commencing with Section 17500) of Division
21 4 of Title 2 of the Government Code.

22 SEC. 425. *This act is an urgency statute necessary for the*
23 *immediate preservation of the public peace, health, or safety within*
24 *the meaning of Article IV of the Constitution and shall go into*
25 *immediate effect. The facts constituting the necessity are:*

26 *In order to more efficiently and equitably finance education at*
27 *the earliest possible time, it is necessary that this act take effect*
28 *immediately.*